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NEWS SUMMARY

GENERAL

U.S. in $30m Turkey arms aid

The U.S. Administration has offered a $30m (£13.3m) package to Turkey to help develop its armaments industry.

Turkey would be given equipment on a "no cost," five-year lease to expand production lines, said an Administration official.

Washington is responding to a proposal from Prime Minister Bulent Ecevit, who wants to export arms to NATO allies, and buy armaments from them with the profits. "This is just the beginning," the official added.

Dayan attack

Israeli Foreign Minister Moshe Dayan said West Germany's call for the Palestinian right to self-determination was an "unacceptable" formula in the Middle East debate. Page 3

SALT accusation

The Soviet Union indirectly accused the U.S. Administration of aiding opponents of the SALT 2 treaty with allegations that Soviet combat troops are stationed in Cuba. The accusation was carried in the Communist Party daily newspaper Pravda.

Neto dies

Angolan President Agostinho Neto, 56, one of the Kremlin's closest friends in Africa, died in Moscow after an operation. Several UN diplomats said his death could complicate negotiations on the future of Namibia (South West Africa). Page 4

Age of consent

The age of consent law which bars sex between people under 16 should be repealed, says a Government-sponsored report prepared by the National Council for One-Parent Families and the Community Development Trust.

Nuclear priority

Development of a national nuclear deterrent remains one of the main principles on which French defence policy is based, says a Government report. Page 3

Pope's visit

The Pope's visit to Ulster, abandoned after the Mountbatten killings, was to have emphasised the futility of the troubles, said Cardinal Tomas O'Fiaich, Catholic Primate of Ireland. People disabled in the violence were to have taken part in a service with him at Armagh Cathedral.

Meyer dead

Andre Meyer, the New York investment banker who, as head of Lazard Freres for 33 years, was one of Wall Street's leading personalities, died in a Swiss hospital, aged 81. Page 6

Spanish arrests

Spanish police detained 14 alleged members of the urban guerrilla organisation GRAPO, among them seven committee members of the Communist Party. The Interior Ministry described the arrests as "the fiercest blow yet dealt to the organisation." Page 3

Pay freeze

Models who pose nude for art students in Boston, U.S., are threatening to strike in pursuit of more pay and warmer working conditions.

Briefly . . .

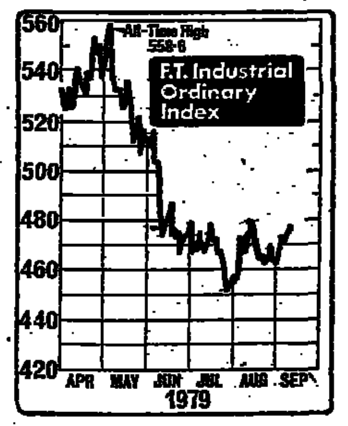
Hurricane Frederic gathered strength over the Gulf of Mexico after raking Cuba. Feature Page 25

Oxfam is to send £250,000 of food and medications to Cambodia.

BUSINESS

Gold at $339⅜; Equities up 2.4

● EQUITIES continued their recent advance and the FT 30-share index closed 2.4 higher at 477.4, after showing a rise of 5.7 earlier.



● GILTS eased on uncertainty over today's applications for new medium and long tap stocks, and the Government Securities index fell 0.10 to 73.01.

● GOLD rose $3⅛ in London to yet another record of $339⅜.

● STERLING closed 50 points lower at $2.2405, after touching a low of $2.2385. Its trade-weighted index was unchanged at 71.3. The dollar improved, reflecting support by central banks, and its index rose to 84.5 (84.3).

● WALL STREET was down 9.39 at 867.58 near the close.

● U.S. TREASURY bill rates were: threes 10.531 per cent (9.855) and sixes 10.294 per cent (9.775).

● BILL to authorise the sale of 15m ounces of silver from the U.S. stockpile was defeated in the House Armed Services Committee. Page 39

● SOARING PRICE of gold is causing concern among leading central banks, who fear that it will reduce the constraints on gold-holding countries to act on lowering inflation or reducing balance of payments deficits. Back Page

● CENTRAL GOVERNMENT borrowing fell in August to £1.06bn, 7.8 per cent below the figure of a year ago, after the rapid growth of the first four months of the financial year. Back Page

● THE CABINET'S economic committee drew up proposals yesterday for disposing of some of British National Oil Corporation's assets that could raise up to £400m for the Exchequer. The full Cabinet could study the report tomorrow.

● MANAGERS of leading pension funds will meet tomorrow to work out proposals for a new structure for the National Association of Pension Funds. Back Page

● DOW CORNING, the U.S.-owned silicones manufacturer, confirmed it would implement a £135m expansion project at its plant in Barry, South Wales, following a Government decision to give £33m aid. Page 10

● JAPAN has agreed to give financial backing to the Mitsui Group's 300,000 ton joint petrochemical project in Bandar Khomeini, Iran, which has been held up since the revolution. Page 6

COMPANIES

● BOWATER Corporation, the paper and pulp group, held taxable profits at £42.7m (£42.5m) for the first half of 1979 on sales of £829.2m (£788.5m). Page 26 and Lex

● RECKITT AND COLMAN, the consumer products combine, reports a drop in taxable profits to £25.2m from £31.6m in the first half of 1979. Page 26 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Amber Day	50	+ 4
Associated Fisheries	56	+ 6
BTR	328	+ 12
Brent Walker	101	+ 5
Burton A	270	+ 6
Davenports' Brew.	121	+ 5
Davis (Godfrey)	96	+ 5
Electrocomponents	488	+ 15
Farmer (S. W.)	184	+ 6
Furness Withy	264	+ 10
Gordon & Gotch	90	+ 10
Hambros	336	+ 10
Hollis Brothers	67	+ 5
ICL	517	+ 12
Kode International	245	+ 13
Latham (James)	175	+ 20
Leyland Paint	60	+ 6
Lister	69	+ 5
MEPC	195	+ 4
Oliver (G.) A	119	+ 12
Perry (H.)	148	+ 8
Staffordshire Potts.	95	+ 7
Standard Chrtd. Bk.	488	+ 12
Stewart Plastics	220	+ 13
Taylor Pallister	102	+ 7
United Scientific	348	+ 12
Wearwell	40	+ 5
BP	1195	+ 15
Broken Hill South	143	+ 6
De Beers Dfd.	404	+ 9
EZ Industries	255	+ 32
Palabora	510	+ 20
Peko-Wallsend	340xr	+ 13
FALLS		
Treas. 7¾% '85-88	£85⅝	− ⅜
B.L.	16	− 2
Beatson Clark	180	− 9
Ofrex	124	− 8
Pentos	80	− 5
Reckitt & Colman	226	− 6
Minorco	220	− 13

Engineering dispute worsens with union report-for-work call

BY ALAN PIKE, LABOUR CORRESPONDENT

The war of nerves in the increasingly serious engineering dispute intensified sharply yesterday when union leaders recommended all members laid-off should report for work as usual.

The move came from the Amalgamated Union of Engineering Workers executive in an angry reaction to Rolls-Royce's decision to lay off all 30,000 manual workers at its aircraft engine factories from Friday because of the series of two-day strikes and national overtime ban.

Sir John Boyd, general secretary, said that the company had received extensive support from the trade union movement during its troubles and its unnecessary and unjustified action in closing down factories was "dastardly and immoral."

The AUEW—the dominant union in the Confederation of Shipbuilding and Engineering Unions—will be recommending the policy of encouraging laid off employees to continue reporting for work to other confederation unions at a meeting tomorrow. It will also recommend that the programme of two-day strikes should continue next week and it is probable that both proposals will be adopted by the Confederation.

Union leaders regard decisions by employers to close factories completely as a provocative over-reaction to their industrial action. The Engineering Employers Federation sees it as a natural consequence of the dispute—with increasing numbers of companies finding it uneconomic to function on a three-day-week.

Either way, large numbers of employees continuing to report to their factories—forcing employers to decide whether they will physically lock them out—can only add further to the increasing bitterness of the dispute.

Further lay offs are likely to be announced when engineering workers return today after the latest strike. One company, Rosedale Mouldings at Newport, Gwent, said yesterday that it was closing down, making its 300 employees redundant.

BL has laid off 300 workers at the Abingdon sports car factory because of shortage of supplies — although production workers there have not been taking part in the strikes.

Representatives of the EEF and Confederation attended separate meetings on the dispute at the Advisory, Conciliation and Arbitration Service yesterday. But these discussions, at ACAS's request, were primarily to report on the failure of negotiations last Friday and no immediate new peace initiative was expected.

The employers said yesterday that about 340,000 workers had reported to their factories yesterday in defiance of the strike call and said that a drift back to work was particularly pronounced in the south east. Union leaders, however, remain well satisfied that the action is receiving strong majority support. Mr. Terry Duffy, AUEW president, said there were "more deserters among the employers," with 300 companies —30 of them in the EEF—now having conceded the full claim for a £80 per week minimum craft rate, one hour off the working week this year and extra holidays.

Michael Donne, Aerospace Correspondent, writes: Rolls-Royce's position in world aero-engine markets is at a critical point, with many major airlines on the verge of deciding whether to buy the new Boeing 757 twin-engined airliner with the new RB-211 Dash 535 engines instead of the rival U.S. General Electric CF6-32.

Rolls-Royce is already facing a problem in that the strength of the pound against the dollar has made its products more expensive in world markets.

The problems facing British engineering Page 24

Unions to unite against BL cuts

BY ARTHUR SMITH

UNION LEADERS within BL want to unite forces under "an emergency committee" to oppose Sir Michael Edwardes' plans to cut the labour force by at least 25,000 over the next two years.

Yesterday, Sir Michael accused workers at the Park Royal bus factory in north-west London, which is to close, of deliberately keeping down production.

National union officials have taken the initiative in recommending an emergency committee in a move apparently aimed at controlling developments at BL and preventing an outbreak of shopfloor militancy.

Mr. Grenville Hawley, national automotive secretary for the Transport and General Workers, will chair the committee. He said Sir Michael had given the trade unions until October 5 to respond to the plans.

Sir Michael's drastic proposals include total closure of some plants and reviews of other factories. They have so far met with a fairly muted response from the trade unions.

Most BL plants were at a standstill yesterday because of the two-day engineering strike. Shop stewards appeared to be waiting to judge the strength of feeling of the membership.

Mr. Hawley said it was important to gauge reaction from individual plants before the unions decided the best way to pursue their opposition.

Detailed negotiations between shops stewards and management would take place at plant level, but the emergency committee would try to unite the interests of manual and staff workers throughout the company.

The TGWU has called a special conference of senior BL shop stewards on Friday in Birmingham.

The poor productivity record at Park Royal bus factory already looks like causing London Transport, which has 500 Titan buses on order, to cut back on services.

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Ford to spend £2.5bn

Ford will spend £2.5bn on the development of new cars, engines and trucks in Europe over the next six years, Mr. Robert Lutz, Ford of Europe's chairman, said yesterday. Back Page

Procedure row hits Rhodesia talks

BY MARTIN DICKSON

A POTENTIALLY serious dispute over procedure arose yesterday at the Lancaster House conference on Zimbabwe Rhodesia. After the Patriotic Front had requested a postponement of the morning conference session, Mr. Joshua Nkomo, co-leader of the Front, during the afternoon again challenged Britain's plan to start discussing a new constitution for Rhodesia today.

It is thought that the Patriotic Front requested yesterday's morning session postponement to give the leaders of the group's two wings, Mr. Nkomo and Mr. Robert Mugabe, time to consider their response to the scheduling of the constitutional issue as the first concrete area on the agenda.

Dispute

Mr. Nkomo had made it clear in his prepared conference statement that the Front believed the constitution could be discussed as only one element in the whole process of the power transfer.

In his opening address on Monday, Lord Carrington, Foreign Secretary, made it clear that the conference should first reach agreement on an independence constitution.

He repeated this view yesterday and Bishop Abel Muzorewa, the Rhodesian Prime Minister, raised no objection. But the dispute with Mr. Nkomo remained unresolved at the afternoon's end and must be determined this morning.

In their opening speeches, Bishop Muzorewa and Mr. Nkomo reiterated the hard line and incompatible positions of both sides.

Bishop Muzorewa, describing his delegation as representing the "democratically elected government of Zimbabwe Rhodesia," called on Britain to "follow its hallowed principles" and recognise the new Salisbury administration, "which is of the people, by the people and for the people."

The only common ground that emerged between the Rhodesian delegations was a call by both sides for more detailed constitutional proposals from Britain.

"We require to know more clearly and categorically," the Bishop told Lord Carrington, "what your Government requires from us before you will remove sanctions and grant recognition."

From Mr. Nkomo came a complaint that Britain's outlined proposals are "too vague for us to judge whether they are adequate to our comprehensive task. The British Government must now be prepared to take us into their confidence and show us what their real proposals are."

The Foreign Secretary has already indicated he is prepared to do this. But the Patriotic Front are anxious to avoid a conference procedure which could result in broad agreement on a new constitution before details of implementation are discussed.

They fear it would lay them open to the danger that if the vital issues of the armed forces and who is in control during an interim period are unresolved, Britain and Salisbury could press ahead without them.

Speaking from his prepared text, Mr. Nkomo rejected Lord Carrington's view that the conference must agree on its destination before determining the route.

"The critical period leading to independence is as vital as the independence constitution," said Mr. Nkomo. "In practice the task of creating a suitable constitution for the crucial transitional period will serve the ultimate task of agreeing a constitutional model for independence."

A second major point on which Mr. Nkomo took issue with Lord Carrington was over the status of Rhodesia as a British colony. Both Mrs. Margaret Thatcher and the Foreign Secretary have said that a new independence constitution for Rhodesia would be comparable to that given to other British colonies.

But Mr. Nkomo renewed the Front's argument that the guerrilla war has created a unique situation. There are, he said, "two colonising forces"—Britain and the Patriotic Front—and both will have to "work together."

"The Patriotic Front . . . are here as the effective decolonising factor, while Britain is here asserting her diminished legal authority." But, Mr. Nkomo continued: "The Front must—and our presence here demonstrates our will to do so—work together with Britain."

£ in New York

—	Sept. 10	Previous
Spot	$2.2450-2460	$2.2460-2479
1 month	0.25-0.21 dis	0.35-0.30 dis
3 months	0.83-0.79 dis	0.85-0.80 dis
12 months	2.93-2.83 dis	3.00-2.90 dis

Plan to relax disclosure laws for small companies

BY MICHAEL LAFFERTY

EXTENSIVE RELAXATIONS in the accounting and disclosure requirements for small companies have been proposed by the Government.

A Green Paper published yesterday suggests a new three-tier disclosure structure for companies. Under the structure, small independent private companies—proprietary companies—would be required to disclose significantly less information about their affairs than at present.

Proprietary companies are defined as those which do not exceed two of the following three criteria: turnover of £1.3m, balance sheet totals (net assets) of £650,000, or an average of 50 employees.

Proprietary companies would only have to publish a substantially abridged balance sheet. An abbreviated profit and loss account and a directors' report would only be required for circulation to shareholders.

The Government is also considering whether these companies should be exempt from the audit requirements. About 450,000 of the 600,000 limited companies in the UK are thought likely to be classified as "proprietary."

The Green Paper is structured around the EEC fourth company law harmonisation directive, dealing with annual accounts. The directive, which was approved by Ministers last year, must be enacted in the UK by July, 1980. Accordingly, the Government plans to introduce a major new Companies Bill in the next session of Parliament.

Comments on the Green Paper—titled Company Accounting and Disclosure—are required by the end of the year.

The consultative document makes it clear that the Government has abandoned the previous administration's proposals for extending disclosure through statements of employment and international trade.

The Green Paper proposes a number of additional disclosure requirements for companies falling into the top tier. These include further information about short-term borrowing, leasing arrangements, pension commitments, sources and uses of funds, and an analysis of turnover by geographical area.

Large companies are defined as those which are quoted, or which meet any two of the following three criteria: turnover of £5m, balance sheet totals of £2½m, or an average of 250 employees. Companies falling

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£70m Australian mining bid

BY JOHN ROGERS IN SYDNEY

THE AUSTRALIAN National Mutual Life Association launched yesterday one of the biggest takeover offers in Australian corporate history—a A$139m (£70m) bid for BH South, a Melbourne-based mining investment group.

If it is successful, the takeover will make National Mutual the first big Australian financial institution to become a mining operator.

National Mutual is offering A$2.50 a share cash, the highest price it paid in a recent stock-market buying raid which netted it 31 per cent of the mining group's issued capital.

BH South, which has been the centre of "mystery buyer" raids and takeover rumours for some months, is a member of a loose association known locally as the Collins House group which has a substantial interest in Australia's natural resource industry.

The company mines copper, lead and zinc at Cobar in the west of New South Wales, and has a 51 per cent stake in a copper mine at Kanmantoo in South Australia plus a large investment portfolio.

Included in the portfolio are large stakes in a number of Australian mining concerns. There is a 60 per cent stake in Electrolytic Smelting and Refining, a 17.5 per cent interest in Beach Petroleum and a 10 per cent holding in the large aluminium group, Alcoa. It also holds 19 per cent of the equity in Metal Manufacturers, 20 per cent of Kembla Coal and 12.5 per cent of the Commonwealth Aircraft Corp.

National Mutual's move follows its recent successful takeover of a smaller mining investment company, Commonwealth Mining Investments, which has extensive natural resource interests.

In this case, National Mutual acquired sizeable stakes in a number of mining projects at a considerable discount on the price it would have paid had it acquired similar stakes by straight market purchases.

In the BH South case National Mutual is acquiring control of several mining operations, some of which have been troubling BH South for some time.

The Cobar Copper lead and zinc mines, for example, incurred a net loss of A$2.4m in the year to June 30, 1978, and the phosphate mine in Queensland was closed at the end of June 1978 after sizeable losses were reported.

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OECD UNDERLINES GREECE'S 'MOST DIFFICULT TASK'

Call to boost productive investment

BY DAVID WHITE IN PARIS

THE GREEK Government must place more emphasis on productive investment, according to the Organisation for Economic Co-operation and Development. In its annual review of the country's economy, this is singled out as its "most difficult task" in the face of the need to keep demand and inflationary pressures down.

The OECD says that the shift is essential if Greece is to prepare the ground for future growth and make the most of its membership of the Common Market from 1981 onwards.

A marked slow-down in the growth of real output and demand is forecast for this year. Gross national product is expected to increase by only 3.5 per cent compared with 6 per cent last year. This OECD forecast is slightly lower than the 4 per cent figure announced at the week-end by Mr. Constantine Karamanlis, the Greek Prime Minister.

Most of the OECD's other estimates coincide with the official picture, however. These *include a widening of the* current account deficit this year to about $1.75bn from $1.25bn, partly as a result of higher oil prices. The balance of payments gap does not pose financing problems, according to the report, but threatens to play an important constraint on growth in the medium term.

The deterioration of Greece's terms of trade as a result of oil price rises has meant a cut of about 1.5 per cent in national income this year and 1 per cent on next year's prospects, the report says.

A sharp increase in retail prices in the first half of the *year may tail off in the second* half, but the overall rate from year to year is expected to be 17.5 per cent or more, after 12.5 per cent last year.

The OECD blames lax monetary policy for fuelling inflation over the past four years. Easy credit, it says, has weakened employers' resistance to high pay claims. At the same *time, cheap bank finance has led* to a proliferation of inefficient companies, pushing costs up.

Growing imbalances in the economy have combined with stronger inflationary pressures to offset what Greece has gained through above-average growth and falling unemployment, the report says.

It urges the Greek Government to cut its current expenditure in order to channel more into infrastructure. The budget deficit adds to inflation, while *declining public sector invest*ment threatens to create serious bottlenecks in the next few years.

With better infrastructure and increased productive investment, the OECD is optimistic about the benefits Greece can *reap from EEC membership.* But it also warns that the country will have to make significant adjustments in its output structure.

Mr. Constantine Karamanlis

Lynch reminded of his party's republican credentials

BY STEWART DALBY IN DUBLIN

MISS SILE DE VALERA, the young Irish MP whose criticism of Mr. Jack Lynch, the Prime Minister, has brought to the surface the splits and tensions in the ruling Fianna Fail party, *flew off to the U.S. on a private* visit yesterday a little chastened but basically unrepentent.

At 24, she is the youngest member of the Dail, and she attacked Mr. Lynch, the Fianna Fail leader, over the weekend for not being republican enough. "He should show his republicanism by aiming at the reunification of Ireland rather than half measures like a devolved government in Northern Ireland with power-sharing, she said.

Her remarks were immediately rebutted by the Prime Minister who suggested she make her case to the parliamentary party.

Miss De Valera is the granddaughter of Eamon de Valera, the man who founded Fianna Fail in 1926. He was among those who oposed the treaty which partitioned Ireland in 1926.

Mr. Lynch has appeared to become more and more moderate since he regained office in 1977. Although he has said that he thinks Britain should withdraw and the two parts of the country should be reunited, he has not been seen to push the issue too hard. He has toyed with the idea of power-sharing in the North and the setting-up of agreed structures, such as an all-Ireland court, between the two parts of Ireland as a precursor to reunitfication.

Mr. Lynch is not in any immediate danger of a political crisis which might overthrow him. His party enjoys a 19-seat majority in the Dail, the largest ever, and he is in charge of his party.

Nevertheless, Miss De Valera's unexpected outpurst has underlined the fact that any Fianna Fail Prime Minister, even one as apparently unassailable as Mr. Lynch, can never ignore the republican credentials of Fianna Fail.

China visit by Danish monarch

By Hilary Barnes in Copenhagen

QUEEN MARGRETHE and Prince Henrik of Denmark begin their state visit to China today. The Queen will be the first reigning European monarch in recent times to make an official visit to China, where she will be the guest of Chairman Hua Guofeng.

She will be accompanied by Mr. Henning Christoffersen, the Foreign Minister, a 15-man business delegation, and 39 Danish journalists, as well as diplomats, and dancers and musicians from the Royal Ballet.

While in Peking, Mr. Christoffersen will sign a long-term agreement on economic and technical co-operation and the businessmen hope to make some specific trade deals. Denmark is interested in buying Chinese coal and selling agricultural products.

Officials of the East Asiatic *Company, the* big Danish international trading concern, are taking part in the visit. EAC, as the only international *company to have maintained* continuous trading ties with China through all the political vicissitudes of this century, *has a strong position in* China.

Denmark's imports from China last year were worth DKr 175m (£15m) and exports to China DKr 44m (£3.8m).

U.S. offers $30m aid to Turkish arms industry

BY METIN MUNIR IN ANKARA

THE U.S. administration will help Turkey develop its armaments industry and has offered an initial package worth about $30m, a U.S. official said here yesterday.

Turkey would be given equipment on a "no cost," five-year lease basis to expand existing production lines in the manufacture of ammunition and rockets and the rehabilitation of tanks. Transportation would be the only cost to be borne by Turkey. At the end of five years, Ankara could either negotiate the extension of the lease agreement or purchase the equipment.

The investments will allow Turkey to increase its production of ammunition, of which it is a modest exporter, and start manufacturing 2.75 inch rockets at the state-owned *M.K.E.K. plants. Expansion of* the Arifiye plants would enable T48 tanks to be rehabilitated. It is also possible that Turkey's *M48 tanks* could be rearmed with 105mm cannons.

Washington is responding to a proposal from Mr. Bulent Ecevit, the Prime Minister, who maintains that Turkey's economic problems prevent it buying arms.

Later this month a U.S. navy delegation will spend three weeks at the Turkish navy dockyards in Golcuk, on the Sea of Marmara, to examine the prospects of expanding them and using them for overhauling the U.S. Mediterranean Sixth Fleet.

The following month, U.S. Defence Department will put *forward proposals* for the manufacture of fuses, propellers and explosives at MKEK's Kirikkale plant near Ankara. The expan*sion of the air force's jet engine* overhaul plant in Eskisehir, between Ankara and Istanbul, will also be considered.

These developments are taking place within the framework of the negotiations between Turkey and the U.S. on a new *defence co-operation* agreement. This would include a so-called foundation agreement and three annexes: U.S. military assistance to Turkey: joint defence industry production: and rules under which the U.S. bases in Turkey would operate.

House finance sparks Swedish poll row

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PRIVATE HOUSE financing has *suddenly appeared* as a crucial issue in the last week of the Swedish general election campaign. It is proving to be particularly embarrassing for Mr. Olaf Palme, the Social Democrat leader, and has raised the non-Socialists' hopes of winning enough floating votes to retain power. There are 1.3m house-owners in Sweden's 8m. population.

The argument centres on resolutions passed at the last Social Democrat party congress which would curb house-owners' existing borrowing and tax deduction facilities and stiffen capital gains tax on house sales. The congress proposed, among other steps, to set a ceiling for the interest payments on loans which house-owners can deduct on their income tax returns.

The issue shot to the political forefront when Mr. Palme fumbled a question on private housing in a television interview. The House-owners' Association followed up by asking all the parties to guarantee that the rise in private house-*holders' costs would not exceed* the 6-7 per cent a year limit, which rentpayers are guaranteed by parliamentary decision for the period 1975-81.

The Social Democrats issued a "warrant" guaranteeing that property tax changes would not increase house-owners' costs *more than the housing costs of* rentpayers. Mr. Gösta Bohman, the Moderate (Conservative) party leader, likened this guarantee to the safe conduct issued by Mediterranean corsairs and referred to the resolutions passed by the Social Democrat congress.

Ms Birgit Friggebo, Housing Minister in the Liberal minority cabinet, dismissed the warrant as a bluff. It said nothing about the interest ceiling or about the Social Democrats' proposal that *interest should be deducted* from the tax payable instead of from the house-owner's income, she said.

● The Statistical Central Office confirmed officially yesterday that the consumer price index has exceeded the 5 per cent rise, at which the trade unions can call for wage compensation.

Between December 15 and August 15 the index rose by 5.8 per cent of which 1.4 per cent is attributable to oil.

Mr. Hadar Cars, the Trade Minister, said that if the oil price effect had been excluded the inflation rate would have been the lowest in Sweden during the 1970s.

But under the current long-term wages settlement, the unions are entitled to compensation talks, if the index rises more than 5 per cent before October 31.

AUSTRIAN CAMPS OVERFLOWING

Tide of E. Europe refugees mounts

BY PAUL LENDVAI IN VIENNA

THE HEAVIEST influx of refugees from Eastern Europe since the invasion of Czechoslovakia 11 years ago is causing increasing technical and financial problems for the Austrian authorities. Viennese newspapers report under banner headlines that Austria is hit by "a refugee boom" with 80 to 90 East Europeans applying daily for political asylum during the summer.

Clearly underlying the exodus are the *heavy price increases* in Eastern Europe and the prospect of a long belt-tightening period coupled with the fear of a hard-line political climate.

On present form a figure of nearly 5,000 people granted political asylum this year can no longer be excluded. This would be double the 1977 figure and up some 50 per cent on last year.

The largest refugee camp at Traiskirchen in Lower Austria, some 14 miles south of here, is housing 2,100 *refugees* and is already full to bursting point. Five smaller camps in the provinces, including one near *Salzburg for Indochina refugees*, are also overflowing.

During the first six months of 1979 the number of refugees was 1,555, almost as much as the figure for 1976 as a whole. In July the number was 555, or *53 per cent up on the previous* month in 1978.

A high official at the Ministry of the Interior said: "We have to find temporary accommodation already in small hotels and guest houses for refugee families. But we don't change our humanitarian policy. Everybody can stay and we would never send anyone back to the country *from which he or she fled.*"

Austria has a long tradition as a haven for political refugees. After the crushing of the Hungarian uprising in November 1956 almost 200,000 Hungarian refugees swamped the small neutral country, although most eventually left for other countries.

After the Soviet invasion of Czechoslovakia tens of thousands poured into Austria, while over the last ten years or so almost 200,000 Soviet Jews have passed through Austria on their way to Israel or elsewhere in the West.

Apart from the Soviet Jews who are taken care of by Israeli, Jewish and U.S. charities, the cost of dealing with the refugees and the upkeep of the camps is fully borne by the Austrian taxpayer. Maintenance of the Traiskirchen camp alone cost about $6m last year.

A further $1.5m is being spent in 1978-80 on modernising and renovating the sanitary installations and the 50 bigger and smaller halls and rooms in the 30 buildings scattered over the 220,000 square metre area.

Despite the overcrowded camps and rising costs, the Austrian Government has decided to accept 300 more Indo-Chinese refugees in addition to 286 Vietnamese and Cambodians already in the country.

Although the number of Asian and Arab arrivals has also been rising, primarily as a result of more stringent rules in Ger*many, East Europeans* accounted for 1,149 of the 1,555 refugees registered from January to June. Their share is even larger among the July-August applicants. According to a detailed official breakdown, 410 came from Poland, followed by 339 Romanians, 193 Hungarians and 137 Czechoslovaks, 34 Bulgarians, ten Albanians and four *from the USSR.*

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Revaluation attacked by Austrian industry

By Paul Lendvai in Vienna

THE 1.5 per cent revaluation of the Austrian schilling has been sharply attacked by industry and the business community as unjustified either by the balance of payments situation or recent economic developments.

The revaluation has been condemned as a blow to the competitiveness of Austrian industry and to the credibility of the country's monetary and economic policy.

Bankers privately point out that the drain on Austrian reserves provides an odd background to the revaluation. In the week preceding the move, reserves fell by some Sch 2bn (about £68m). Balance of payments statistics for the January-July period also show that official foreign exchange reserves dropped by Sch 16.1bn.

Following the revaluation, which is believed to have been pushed through by the Finance Ministry, there is widespread speculation that the discount rate may be raised from its present low level of 3.75 per cent.

Professor Stephan Koren, the central bank president, said in a television interview that the current account deficit this year will be only Sch 10bn against an originally expected Sch 17bn. He added that Austria's inflation rate has for the past few months been even lower than that of Switzerland and West Germany.

Government officials stress that the new schilling-Deutsche Mark exchange rate meant merely a return to the position prevailing in the spring of 1978.

In addition to placating the unions on the eve of this week's congress of the powerful trade union federation, the Finance Ministry clearly wanted to prepare the ground in case the Deutsche Mark is revalued.

Saga strikes oil

Saga Petroleum A/S and Co. has struck oil drilling its first well on Block 34/4 in the Norwegian sector of the North Sea, the Norwegian Petroleum Directorate said yesterday, Reuter reports from Stavanger, Norway. The oil was located in sandstone with an apparently low porosity. Drilling is not yet complete. Saga is operator for the block and has a 15 per cent stake.

France confirms support for own nuclear deterrent

BY ROBERT MAUTHNER IN PARIS

THE DEVELOPMENT of a national nuclear deterrent remains one of the main principles on which French defence policy is based, according to a government report due to be discussed by the National Assembly at the beginning of next month.

The report, prepared by Prime Minister Raymond Barre and M. Yvon Bourges, the Defence Minister, appears to back up the official rejection of recent suggestions by some politicians and members of the military that France and West Germany should co-operate on nuclear defence as the only way of ensuring the defence of Europe.

These proposals, made by M. Alexandre Sanguinetti, a former secretary-general of the Gaullist party, and General Georges Buis, retired head of the National Defence Studies Institute, were at first interpreted as kite-flying on behalf of the Government. But the French presidential spokesman subsequently issued a statement emphasising that there had been no modification of France's strategic options.

The government report stresses that, while France continues to give priority to its national nuclear defence force, it is not opting out of its obligations to its European allies. The report expressed France's desire and willingness to take part in the defence of Europe. However, it makes the important proviso that France retains its freedom of decision on whether and when its forces should become involved in any conflict or crisis affecting the North Atlantic alliance.

After noting that the balance of both nuclear and conventional forces between the Warsaw Pact and NATO was constantly deteriorating as far as the Western countries were concerned, the report also underlines the need to strengthen French conventional military capacity.

Conventional forces must be prepared to intervene in the most diverse situations in Europe and other parts of the world and a special effort must thus be made to improve their mobility and flexibility.

In the nuclear field, priority will be given from 1980 onwards to the development of the new M4 multiple-headed strategic missile. This will be fitted to the sixth French nuclear submarine and become operational in 1985.

The S3 strategic missile with a thermonuclear head will replace the current S2 missiles on the Plateau D Albion in southern France, pending a re-examination of the future of the whole system of fixed silos. Studies will continue on the desirability of developing mobile ground-to-ground or "cruise" strategic missiles.

The country's nuclear capacity will be reinforced by the creation in 1981 of a fifth air force squadron armed with tactical nuclear weapons and by the development of a replacement for the Pluton ground-to-ground tactical missile with which the French army is equipped.

Portugal poll in December

BY OUR LISBON CORRESPONDENT

PORTUGAL WILL go to the polls on December 2, it was announced yesterday.

The election will be followed soon after by municipal polls and the electorate will vote again in a general election, late in 1980, the date set under the constitution. The President opted for an interim vote after months of political upheaval had failed to end a parliamentary stalemate gravely affecting the economic situation.

The Socialists and Communists will face a centre-right electoral alliance made up of Christian Democrats, Social Democrats and Monarchists.

Initial soundings seem to indicate that there will be no big swings in voter sentiment from the last general election, although the hardline Communists are expected to increase their vote to about 20 per cent

Spanish terror suspects arrested

By David Gardner in Madrid

SPANISH POLICE have detained 14 alleged members of the shadowy urban guerrilla organisation GRAPO, including seven central committee members of the so-caled "reconstituted Communist Party," of which GRAPO is the armed wing.

The Interior Ministry has described the arrests, made in raids yesterday and Monday, as "the fiercest blow yet dealt to the organisation."

The authorities have twice before announced the total dismantling of the organisation, which has carried out a series of attacks on military and police targets since it was formed in 1975, and is widely suspected of being manipulated by extreme right-wing interests.

Two of those arrested were on a list of 11 alleged members of the organisation for whom the authorities had offered rewards of up to Pta 2m (£13,500) each.

Last month, police shot dead a leading member of the organisation near Madrid, and in July detained two alleged members who, it is claimed, confessed to bombing a Madrid cafe last April, killing eight, and to eight other politically motivated murders, including that of a retired general. However, charges have still to be brought against them.

The Opposition and leading newspapers here have repeatedly cast doubts on the real identity of the organisation and its backers, and on police efforts to tackle them. Last April the then leader of the organisation, Sr. Juan Carlos Delgado de Codex, was shot dead by a sniper from a special investigation squad led by a former Francoist political policeman, at the very moment when Madrid police units were closing in on him.

The circumstances of the death of Sr. Delgado de Codex, and with him the secrets of the organisation, have not been adequately explained, but there have been a host of similar bungles since.

BONN URGED TO REMAIN OUTSIDE MAINSTREAM MIDDLE EAST TALKS

Dayan takes West Germany to task

BY ROGER BOYES IN BONN

THE ISRAELI Foreign Minister, Mr. Moshe Dayan, yesterday took West Germany to task for bringing a new and "unacceptable" formula into the debate about a Palestinian homeland and stressed that Bonn should remain outside the mainstream of Middle East negotiations.

Speaking at a news conference after three days of talks with West German leaders, Mr. Dayan suggested that the new formula calling for the Palestinians' right to self-determination—represented a deterioration in Bonn's policy towards Israel. But he also went out of his way to praise Chancellor Helmut Schmidt as a warm friend of Israel.

He made clear too that the talks had cleared up some of the misunderstanding bedevilling recent relations between the two countries.

Mr. Dayan's reference to a new formula was based on recent comments by Herr Hans Dietrich Genscher, the West German Foreign Minister, during a visit to Egypt.

Official recognition of the Palestinian's right to self-determination appeared to go considerably further than the official European position of acknowledging the "legitimate rights of the Palestinians." Israel is opposed to the establishment of a Palestinian state and believes that the "self-determination" phrasing could open the way to this.

Mr. Dayan's concern that Bonn was attempting to become involved in Middle East negotiations appears to have been prompted by recent talks between Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, and politicians from the parties forming West Germany's coalition Government—Herr Willy Brandt, chairman of the Social Democrats and Herr Juergen Moellemann, a security specialist in the Free Democrats. Herr Genscher explained during the talks, however, that neither politician was acting for the Bonn Government.

Mr. Dayan denied recent reports that he had held talks with the PLO. He had met Arab leaders in the occupied territories, he said, but this was simply part of Israel's policy of maintaining a dialogue with Arab citizens.

Many commentators, however, have suggested that Mr. Dayan is indeed trying to open up contact with the Palestinians and the Jordanians to overcome the stalemate in Israeli-Egyptian-U.S. talks on the Palestinian issue.

It is clear that Mr. Dayan's talks here—described by the German side yesterday as "good, rewarding and constructive"—were dominated by the Palestinian problem. Although Bonn has been particularly critical of Israeli settlement policies in the occupied territories and its raids on southern Lebanon, Mr. Dayan said that neither subject was discussed.

Moreover there was no immediate prospect that the Likud Party, leading member of the Israeli coalition, would change its settlement policies. "I think we shall do it (the extension of settlements) according to plan, ensuring in so doing that we shall not deprive the Arabs of their means for living," Mr. Dayan said.

Differences remain then between Bonn and Israel, though both Herr Genscher and Mr. Dayan seem to agree that the air has been cleared. Mr. Dayan's flattering comments about Herr Schmidt seem aimed at reassuring Bonn that Herr Schmidt's long-delayed visit to Israel is no longer a major source of irritation.

Israeli politicians had interpreted the Chancellor's postponed visit to Israel and Herr Genscher's visit to Arab countries in the past few months, as a sign that Bonn was trying to curry favour with the Arabs to secure future oil supplies. Mr. Dayan explicitly rejected this view and emphasised that German policy was not hostile to Israel.

Community told it is running out of money

BY MARGARET VAN HATTEM IN BRUSSELS

EEC BUDGET ministers made their first appraisal of the Community's draft budget for 1980 yesterday, following a strong warning that the Community is about to run out of money.

The draft provides for a 22 per cent increase in overall spending to 16.6bn units of account (£11bn). But, as Mr. Christopher Tugendhat, the Budget Commissioner, pointed out, half of this is due to farm-price increases agreed last June. These raised the Commission's estimates from a proposed 13.1 per cent increase to one of 22 per cent.

As a result of the farm-price settlement, the Community had almost reached the limit of its own financial resources, Mr. Tugendhat said. Next year, member states would have to pay an estimated 0.9 per cent of their revenues from VAT into the Community budget, against the earlier forecast 0.8 per cent, and the 1 per cent limits set by the governments of the Nine.

Referring to the "grotesque" concentration of about half the Community budget on subsidising and storing excess farm production, he warned that attempts to keep the overall budget down by pruning non-farm spending would only aggravate the situation.

Mr. Nigel Lawson, the Financial Secretary to the British Treasury, told the Council that the present draft budget would "do nothing to alleviate the massive injustice" of Britain's excessively heavy contributions to the budget.

Other delegations sidestepped the issue, however, leaving it to their Finance Ministers, who will meet here next Monday to discuss the matter in the light of a Commission report. This broadly supports the UK Government's arguments.

Britain will support proposals to increase spending in the non-farm sectors, Mr. Lawson confirmed, particularly aid to the Community's poorer regions. But this is likely to remain one of the biggest battles in this year's budget discussions, having already brought a major confrontation between the Council of Ministers and the European Parliament at the end of last year.

The Commission is proposing to raise regional spending from 945m units of account this year to 1.2bn next year, a move supported by the Parliament, as well as by Britain, Ireland and Italy — the three countries most likely to benefit.

West Germany, however, is taking a particularly hard line in reducing this figure, with France, Belgium and Denmark also pressing for cuts.

EEC 'missing energy targets'

BY OUR BRUSSELS STAFF

THE EEC is failing to meet its targets in both conservation and production of energy, Herr Guido Brunner, EEC Energy Commissioner said yesterday.

In a report to the European Parliament's energy committee, he said member states would probably exceed the 500m tonne limit on oil consumption set by EEC Heads of Government in Strasbourg last June.

This was despite the short-term oil-saving measures agreed at the time.

His remarks follow a confidential Commission study estimating the Community's crude-oil consumption for this year at 525m tonnes.

Meanwhile, energy output appears to be falling behind target. Herr Brunner said oil production was likely to fall "well short" of the 180m tonne target set for this year—it was forecast at 115m-165m tonnes.

Nuclear capacity was also falling behind earlier estimates, with an installed capacity of only 70 GW-80 GW, expected by 1985, instead of the targeted 160 GW-200 GW. It was essential that coal, rather than oil or gas, should fill the gap, he added. But coal production and consumption were also lagging. Targets set for 1985 might not be achieved until 1990.

Alhaji Shehu Shagari

Nigerians confirm presidential poll result

By Mark Webster in Lagos

AN ELECTION tribunal has confirmed the victory of Alhaji Shehu Shagari in last month's Nigerian Presidential election, rejecting an appeal by the runner-up, Chief Obafemi Awolowo.

However, Chief Awolowo later announced that he would lodge an appeal with the Supreme Court against the tribunal's ruling. Nigeria is returning to civilian rule on October 1, after 13 years of military government.

The verdict is an important victory for Alhaji Shehu, the leader of the National Party of Nigeria (NPN), because his success at the polls had been marred by controversy.

Chief Awolowo, with two other defeated candidates, claimed that Alhaji Shehu had not received sufficient votes to comply with the regulations for victory on the first ballot. They said the election should go to a second round in an electoral college composed of parliamentarians.

The case centred on the interpretation of the electoral law by the Federal Electoral Commission. The law said that for a first-round victory a candidate must have the highest number of total votes cast, and also at least a quarter of the votes cast in at least two-thirds of 19 states.

The commission ruled that Alhaji Shehu had satisfied the requirements by winning a quarter of the votes in 12 states, and a quarter of two-thirds of the votes in the 13th state.

Death of President Neto clouds the future of Angola

BY MARTIN DICKSON

President Agostinho Neto of Angola has died in a Moscow hospital—leaving major question marks over the future leadership of his country and its foreign policy. His death on Monday was announced yesterday by Angola radio.

Two key imponderables are the attitude his successor will adopt to the five-power Western initiative on Namibia, which Dr. Neto had strongly supported, and to the economic links the Marxist President had been forging with the West.

The Soviet news agency, TASS, said the 56-year-old President died after surgery for advanced cancer of the pancreas.

Dr. Neto led his Soviet-backed MPLA (Popular Movement for the Liberation of Angola) to power after 13 years of guerrilla war against the Portuguese colonial power and a three way civil war in 1975-76 when the Portuguese finally withdrew. The despatch of Cuban troops to Angola to fight for the MPLA was a key element in its victory.

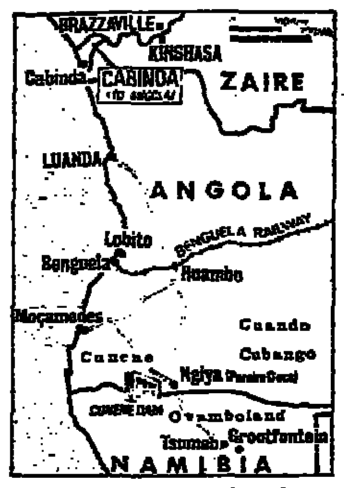
Angola is still struggling to repair the economic damage sustained in the war and the sudden exodus during the conflict of its skilled white manpower. With the assistance of more than 15,000 Cuban troops, the MPLA Government is still also waging a bush war against one of the armies it defeated (but did not eliminate) in the civil war—the UNITA army of Dr. Jonas Savimbi, which dominates wide stretches of southern Angola.

There is no obvious successor to Dr. Neto, who had dominated the MPLA since its formation in the early 1960s and carefully controlled the divisive tendencies within the movement. His death could lead to a major power struggle between MPLA factions.

In a major government reshuffle last December, Dr. Neto dismissed Sen. Lopo do Nascimento, one of Angola's best-known post-independence politicians, as Prime Minister and scrapped the post. It was announced that Sen. Lucio Lara, Secretary of the MPLA and the party's chief ideologue, would deputise for the President in his absence. Sen. Lara will now presumably fill this caretaker role.

Important elements in any struggle are likely to be: differing views within the party over the importance of close ties with the Soviet Union as against a rapprochement with Western countries; and differing views over the relative role in Government of Angola's blacks, mulattos and whites. President Neto, himself a mulatto, insisted on multiracialism in government.

President Agostinho Neto, who died in Moscow on Monday, aged 56.



Jealousy over the mulatto and white role in government appears to have been a factor behind an abortive coup attempt in May, 1977, led by former Interior Minister Nito Alves, a pro-Moscow hardliner.

Whoever finally emerges as Angola's leader, observers believe he will find it difficult to carry through Dr. Neto's bold foreign policy initiatives with as much confidence as the late President.

This should not have much effect on the Rhodesia dispute, in which Angola has kept a much lower profile than the four other African "front line" states. But it could spell serious problems for the two-year-old Western initiative on Namibia.

Angolan support for this has always been vital, since the main guerrilla bases of Swapo, the Namibian nationalist movement, are in southern Angola. Dr. Neto, hoping that a Namibian settlement would prevent South African aid reaching UNITA rebels, had strongly backed the Western initiative and put substantial pressure on Swapo to compromise.

In July, Dr. Neto also agreed to a new formula to overcome the deadlock in negotiations with South Africa over the policing of a Namibia ceasefire. He agreed to the opening of a United Nations liaison office in Angola and to the creation of a demilitarised zone along its border with Namibia.

However, full details of the scheme had not been worked out by the time of his death and it is unclear whether his successor will follow the same policy line.

A similar question mark hangs over Angola's relations with the Government of President Mobutu of Zaire. Relations between the two countries improved considerably last year after plummeting when rebel forces backed by Angola twice invaded Zaire's southern Shaba province.

It is also unclear whether the new Government will follow up Dr. Neto's gradual political rapprochement with the West and his attempts to secure Western investment for Angola.

Dr. Neto stated his own position on this last December, when he said that Angola was prepared to establish friendly relations with any non-Socialist countries because it realised the need for relations with states which could "supply Angola with technology necessary for her development."

As it is, Gulf oil has long been responsible for production of crude from the offshore fields in Angola's northern Cabinda enclave, which provides the bulk of the country's foreign exchange earnings. The Government has also just signed an oil exploration deal with Texaco.

Dr. Neto, the reserved and unassuming son of a Methodist pastor, came from a small village not far from the capital, Luanda. A poet, he rose to prominence in African nationalist circles in the 1950s, while he was studying medicine on a scholarship in Portugal.

He returned to Angola in 1959, but was arrested in 1960 and deported to the Cape Verde islands. He escaped in 1962 and in September of that year he was named President of the MPLA, which had begun a guerrilla uprising against the Portuguese.

Thirteen years later, the Portuguese revolution signalled an end to Lisbon's African empire. Dr. Neto joined with the two rival nationalist movements—Unita and Holden Roberto's FNLA—in a coalition Government but the pact quickly broke down and civil war ensued.

Israel acts to cool overheated economy

By David Lennon in Tel Aviv

ISRAEL IS to impose a six months freeze on all wages in the public sector and cut back on investment in industry as part of its series of measures designed to cool the country's overheated economy.

Yesterday's Cabinet decision made a day after an increase in purchase tax on large cars and an order to sell some state land for housing. The moves are part of an attempt to curb inflation, which is expected to reach between 90 and 100 per cent by the end of the year.

With the economy heading towards a crisis, Mr Simcha Erlich, the Finance Minister, said that further restraints would be imposed. But he insisted that the Government would not induce a recession.

This was apparently in reply to the recommendation by the Bank of Israel, the country's central bank, that a controlled recession was essential to head off a balance of payments crisis.

The deficit on the balance of payments this year is expected to rise more than $1bn to $4.5bn. If this trend continues, foreign currency reserves could be exhausted within 18 months.

Mr. Arnon Gafny, governor of the bank, said recently that during the next four years the State's external debt would increase between $5bn and $6bn, even if the U.S. continued its aid.

The belated, and so far limited moves by the Government, should also be viewed against the background of Israel's intention to ask the U.S. for a large increase in aid. Annual American aid to Israel is $1.8bn in loans and grants. Israel now intends to ask for between $3bn and $3.5bn for the next year to be approved, 1980-81.

Officials are doubtful that Washington will meet this huge request. But they hope that if Israel shows it is taking steps to rectify the economy, this may encourage the U.S. to be more open-handed.

The new Israeli request comes on top of the special $3bn already allocated in loans and grants by the Americans to help Israel cover the cost of redeploying its army as it pulls out of Sinai.

Under the peace treaty with Egypt, this work has to be completed within three years. It entails the construction of at least two new military air bases, as well as creating a new defensive line in Israel's Negev desert, which will further fuel inflation.

The Government has been reluctant to take restrictive measures necessary to halt the deterioration in the economy, especially as much of the trouble stems from a two-year-old Government decision to liberalise the economy.

After the speeches, political and economic difficulties face Venda, **Quentin Peel** reports from Sibasa.

Independence for third S. African homeland

ALL THE trappings of independence are here. New government buildings sport a massive new coat of arms, the independence stadium is decked out with miles of flags and bunting ready for solemn speeches and gymnastic displays, and construction teams scramble like ants to complete their projects in time for the big day.

At midnight tonight, the tiny tribal homeland of Venda, some 3,500 square miles in the top right-hand corner of South Africa, will become the latest piece in the giant jigsaw of Apartheid, or separate development.

The Vhavenda are the smallest tribe in South Africa, some 500,000 strong, but their homeland will become the third Bantustan in South Africa to accept independence in terms of the grand strategy of Apartheid. Following Transkei and Bophuthatswana, Venda is set to have its own president, parliament, diplomats and security forces, a flag, a national anthem, and a 101-gun salute.

But the fledgling state will lack all international recognition except for that of its parent, South Africa, and its fellow Bantustan, Bophuthatswana. The Salisbury Government of Zimbabwe Rhodesia will be represented at the festivities but without promise of future diplomatic ties.

In international terms, Venda will join the ranks of political lepers. In economic terms, it will remain inextricably bound to, and dependent on, the economy of South Africa. But legally, the 500,000 Vhavenda will cease to be South African citizens and become citizens of Venda.

In Sabasa there is not much apparent opposition to the prospect. The official opposition party to the Government of Chief Patrick Mphephu, the Venda Independence People's Party, supports the idea in principle, as its name implies.

In spite of the new buildings and the flags, backed by a spanking new para-military police base for the 400-strong Venda National Force, it is not in Sibasa that the future of Venda will be decided. Out of 470,000 Vhavenda, some 150,000 do not live in the homeland. More importantly, they include up to two-thirds of the economically active members of the tribe. Urban Vhabenda, migrant workers, and commuters working outside the territory, contribute 77 per cent of the Gross National Income.

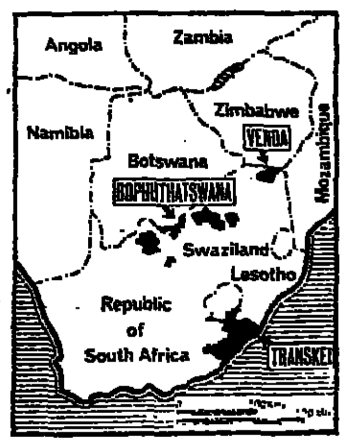
The facts of Venda's economic dependence on South Africa are obvious. Out of this year's budget of R36.7m (£22m) some R30m has come in direct subsidy from the Pretoria government. In addition, Pretoria has provided some R18m specifically for independence projects—the R5m government buildings, a R2m shopping centre, the national force base, independence stadium, showground, and a new residence for Chief Mphephu at a cost of some R580,000.

The population actually living in Venda gives the appearance of a country decimated by war. Between the ages of 15 and 64, only 31 per cent of the population is male and between the ages of 20 and 24 only 3 per cent are men.

Nevertheless, Venda has some advantages in terms of becoming a viable independent state. The country boasts some remarkably fertile agricultural land and some of the most beautiful scenery in South Africa. Forestry and tea have been successfully developed. Coffee is being tried, and virtually all tropical fruits grow well—avocados, mangoes, bananas, organges, paw-paw, lychees and guavas. In spite of such potential abundance, 50 per cent of food consumption is still imported, in the form of maize.

Coking coal deposits have been found, although they cannot be exploited without a railway line, and there are no immediate plans to build one. But South Africa lacks good coking coal, and may well be forced to use Venda's.

According to a comprehensive planning report produced to coincide with Venda's independence by the Rand Afrikaans University in Johannesburg, there are currently some 12,000 people in paid jobs in Venda—a shortage of 40,000 to 45,000. A sustained growth rate of 8.2 per cent will be the "minimum satisfactory."



The paucity of official responses to Venda's development needs is perhaps best illustrated by the most strongly made recommendation of the Rand University study that the homeland should exploit its excellent tropical climate and breathtaking natural scenery, by building in the heart of a country where gambling is banned, a casino.

Kuwait arrests mosque preacher

BY OUR FOREIGN STAFF

THE KUWAITI authorities yesterday arrested a man for making seditious political speeches in mosques. The man, named by the Interior Ministry as Ahmed Abbas Muhri, was said in Beirut to be the son of Ayatollah Abbas Muhri, leader of the Shiite Muslims in Bahrain.

Last month there were disturbances in Bahrain involving the Shiites who make up at least 60 per cent of the country's indigenous population. Shiites make up about 20 per cent of the population of Kuwait and they have become restive recently partly because of the turmoil in Kuwait's neighbours Iran and, to a lesser extent, Iraq.

On Monday Sheikh Saad al Abdullah al Sabah, the Kuwaiti Crown Prince and Prime Minister, warned that the Kuwait government would not "tolerate any irresponsible behaviour by certain elements and will crush any move to disturb peace and stability in the country.

The Prime Minister, who has long had a reputation for taking a hard line with troublemakers, said he had told Sheikh Nawaf, the Interior Minister, "to take severe punitive action" against anyone endangering the peace and stability of Kuwait.

The Interior Minister said yesterday that Mr. Muhri, who has been arrested, had been warned before his arrest that mosques were "not for sowing sedition and fomenting feuds among citizens."

JAPAN'S ENERGY PROGRAMME

Search for nuclear independence

BY RICHARD C. HANSON IN TOKYO

A BATTLE is raging in Tokyo between civil servants and those involved in developing nuclear energy for Japan over the extent to which purely Japanese technology should dominate the country's efforts to build nuclear power stations.

Between the two major factions—the Ministry of International Trade and Industry, which favours continued diversification to foreign sources of technology, and the Science and Technology Agency, which advises the Atomic Energy Commission and is spearheading Japan's drive to nuclear independence—the arguments have reached a point where each is telling the other to stop being childish.

Nuclear power to Japan, which still remembers the horrors of atom bombs on Hiroshima and Nagasaki, is at once an anathema, and an obsession and the only practical means of assuring adequate supplies of energy into the 21st century.

The financial and technical risks are high, but eventually nuclear power may prove to be a boon to a Japanese industry competing fiercely to develop competence in the nuclear equipment field.

Japan's advance into nuclear power development, which was minimal before the 1970s and which has highlighted the folly of depending too much on imported oil, has produced some thorny policy issues upon which the success of similar national programmes, such as Canada's may depend.

Canada's attempts to sell its highly regarded Candu heavy water nuclear power plants to Japan have brought to the fore many of the divisions of thinking about Japan's future. With the backing of the Ministry, studies began three years ago on whether Candu would be suitable for Japan with plans for the 72 per cent Government-owned Electric Power Development Corporation to operate the plants.

Opposition is centred on the Science and Technology Agency, which is pressing for the acceleration of Japan's own programme.

A special committee reported in March that Candu did have attributes which would make it attractive to Japan and recommended further study of how Candu could be adapted for use in Japan.

The four-man Energy Commission, in a recent decision that has drawn sharp criticism, rejected the plan to continue the study of Candu on the grounds that it might be difficult to modify for Japanese conditions, such as earthquakes, and safety standards.

It would also create problems of reprocessing spent fuel (of which Candu produces a lot) and would take away manpower and financial resources from Japan's own nuclear programmes.

The Energy Commissioners, who act as an advisory body to the Prime Minister, praised Candu as a power facility but concluded that Japan did not need it. Through a subtle change in the wording of the Commission's mandate last year, its opinions are supposed to be "fully respected" by the Government, instead of simply respected, which has created a knotty problem for Candu advocates.

Ministry officials, including Mr. Masumi Esaki, Minister of International Trade and Industry, have led the outcry against the Energy Commission's decision. At present they are seeking to reopen the question and draw Commission officials into discussion on the matter.

Even if the Energy Commission decision is reversed and if work began immediately to decide whether to buy Candu it would take about eight years before a plant became operative.

The Energy Commission uses the Technology Agency virtually as its secretariat, having no independent staff. This seems to have coloured Commission views, as the Agency itself is primarily responsible for developing Japan's own nuclear reactor and fuel cycle projects through another Government entity, the Power Reactor and Nuclear Fuel Development Corporation. That body engages solely in the research and development of experimental and pilot nuclear power reactors and equipment, and enrichment and reprocessing facilities.

The Nuclear Fuel Development Corporation projects are as ambitious as any other country's. Besides Japanese work on developing its own light water reactor, the Corporation which was founded in 1967, has in operation a prototype heavy water advanced thermal reactor, Fugen, which attained criticality over a year ago. It is similar to the Candu heavy water system but able to use a different fuel mix consisting of some enriched uranium and plutonium produced by Japan's light water reactors. The Fugen reactor actually creates more plutonium than it burns. This can then be re-used in the next stage fast-breeder reactor which by the year 2000 may provide Japan with some energy security if it is successfully brought into commercial use.

The Nuclear Fuel Development Corporation has already built an experimental fast breeder, Joyo, and in about two years will build a prototype to be called Monju.

Japan does need a large degree of nuclear independence, but it is taking enormous risks that it can successfully develop its own systems while rejecting alternative and interim measures such as the Candu system.

Strauss hopeful on autonomy

By Our Tel Aviv Correspondent

MR. ROBERT STRAUSS, President Carter's special Middle East envoy, said yesterday that the Egypt-Israel-American talks on Palestinian autonomy could now move on to the more "controversial and acrimonious" issues.

Mr. Strauss was speaking on his arrival from Egypt where he said he found President Sadat convinced that the peace negotiations would be successful.

He said he was also pleased to find that the three countries "share a common time-table and approach, one that calls for shifting into second gear."

The talks have so far concentrated on technical problems. They nearly broke down last month when key issues, such as the degree of power to be granted to the projected Palestinian administrative council, were raised.

Mr. Strauss said the sides had reached the point where we can now raise and bring forward to discuss over the next few months some of the more difficult, controversial and acrimonious issues.

This was possible, he said, "because we have learned, as we have worked together, that we can now bring these issues out on the table."

Mr. Strauss will also look in on the Egypt-Israel working committees on autonomy, which are meeting in Herzlia. These committees of officials are concentrating only on procedural and technical issues.

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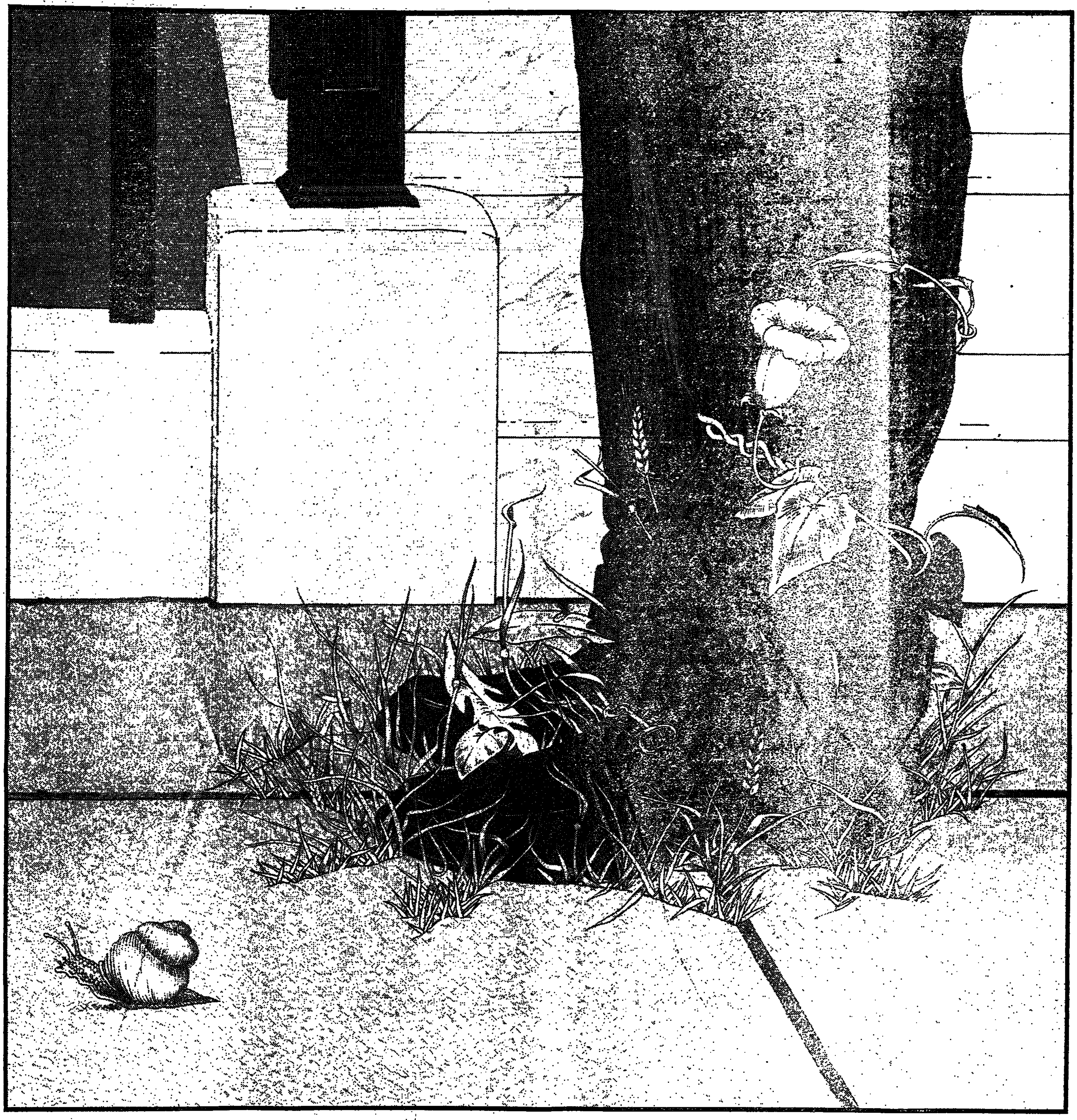

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AMERICAN NEWS

GM may lock out strikers

BY JOHN WYLES IN NEW YORK

GENERAL MOTORS may lock out 460,000 members of the United Auto Workers' Union if the union presses ahead with plans for selective strikes in the absence of an agreement on a new working contract by Friday midnight.

Instead of adopting its traditional practice of shutting down all a company's car assembly when negotiations end in deadlock, the UAW has decided this time to pull about 95,000 of its members out of plants producing GM's best selling cars, which are in short supply. Generally, these are the company's medium and small-sized cars, which have been selling strongly during the petrol crisis.

Unofficial Wall Street estimates suggest that closure of the 47 out of 162 GM plants targeted by the union would cut the company's car output by a third to a quarter—anything between 100,000 and 175,000 units a month.

Since the action would choke off supplies of its best selling models, GM would be left to carry many plants producing the larger, less popular cars, which are operating at substantially less than full capacity. As a result the company is refusing to rule out the possibility of a full scale lockout if selective stoppages are called.

With only three days left for negotiation, the odds are slightly in favour of a stoppage. Neither side is publicly judging the prospects of a peaceful settlement, although hopes of agreement have been boosted by the absence of aggressive public posturing, which at this stage usually points towards a strike.

However, a union spokesman said yesterday that there had been no real progress on the union's priorities of gaining greater protection against inflation of retired workers' pensions and of securing more paid time off.

Selective strikes at GM would have substantially less economic impact than a full-scale shutdown, and with the U.S. economy heading for recession, this may have been a factor in the union's thinking. In addition its strike fund of close to $300m will last a great deal longer.

U.S. budget deficit rise expected

WASHINGTON — The fiscal 1980 budget deficit is now expected to be $29.4bn, $400m greater than the January budget estimate, Mr. W. Bowman Cutter, executive associate director of the Office of Management and Budget, said yesterday.

The fiscal 1979 federal budget deficit was expected to be $30.3bn, $7.1bn less than the estimate in the Budget submitted in January, he added.

Mr. William Miller, U.S. Treasury Secretary, asked Congress yesterday to approve a $56bn increase in the National Debt ceiling for fiscal 1980.

In prepared evidence, he told the House Ways and Means Committee that unless Congress acts by September 24 the Treasury will be forced to postpone at least $5.9bn in two- and four-year note offerings.

Mr. Miller also sought authority to raise from $40bn to $55bn the amount of bonds the Treasury can issue without regard to the statutory 4.25 per cent interest ceiling over fiscal 1980.

Early next week, he said, the Treasury will announce offerings of two and four-year notes to refund $5.8bn of obligations maturing September 30 "and perhaps to raise a little cash." Reuter

Mild reply to Cuba denial

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. has described as "not helpful" the editorial in Pravda, the Communist Party newspaper, dismissing as "totally groundless" American charges that the Soviet Union is maintaining a combat military brigade in Cuba.

The State Department's overall reaction to the Pravda article was relatively mild, presumably because it does not wish to jeopardise what are likely to be lengthy bilateral negotiations begun on Monday by Mr. Cyrus Vance, U.S. Secretary of State, and Mr. Anatoly Dobrynin, the Russian Ambassador.

No comment of any consequence was issued after the first meeting, and yesterday, Mr. Vance cancelled a planned breakfast meeting with Senators uncommitted on the SALT treaty, in a clear attempt to keep his exchanges with Mr. Dobrynin confidential.

The Pravda editorial stated bluntly that no "organised combat units" were in Cuba, and that neither the number nor the function of the advisory Soviet military personnel there had changed since they were first stationed there in 1962.

Domestic political reaction continues to be predictably sharp. The situation is clearly endangering ratification of the SALT treaty by the Senate.

Mr. Ronald Reagan, favourite for the Republican Presidential nomination next year, said yesterday that the U.S. should sever all communications with Russia until the troops were withdrawn, while Senator Henry Jackson, a leading SALT opponent, accused the Soviet Union of deliberately building up "attack" forces in Cuba.

Economy rules Kennedy's plans

BY OUR WASHINGTON STAFF

THE PRINCIPAL factors which will determine whether or not Senator Edward Kennedy enters the Presidential race will be President Carter's ability to deal with the economy and the general public mood, the Senator said yesterday.

In an interview with the Boston Globe, Senator Kennedy was asked if he still believed that he expected the President to win the Democratic Party's nomination. His associates have suggested that, in the past month, he has concluded the President's political future is much more parlous than he had previously thought.

"That question," he replied, "can best be answered by his own ability to deal with the economy," and by "the American people's perception of how things are, and whether they are going to get better.

"I have not ruled out the possibility of a candidacy," he said, reiterating what is now obvious. But he had set no date by which he would take a decision, he added. Many observers feel that the pressures on Mr. Kennedy by the end of November will be such that he would *be hard put to remain on the fence.*

The Massachusetts Senator was also inclined to dismiss the evidence of the polls which give him a strong lead over Mr. Carter. The latest of these, by the Louis Harris-ABC organisation, put the President at a new low, with 70 per cent of those surveyed doubting he can win re-election.

U.S. PUBLIC TRANSPORT

Gearing up for a boom year

BY PATTI REALI IN WASHINGTON

IN MARCH this year Mr. Brock Adams, the then Transportation Secretary, said "If you were to reduce automobile traffic in U.S. cities by 5 to 10 per cent, you would overwhelm any transportation you have. You could not get on the bus. There aren't enough subways."

His remarks proved startlingly accurate when, at the height of the petrol shortage this summer, many motorists opted to use public transport rather than face the inconvenience and frustration of long petrol queues.

The result was massive strain on the passenger capacity of practically all major urban transit systems in the U.S.

Los Angeles, with its vast, complex freeways and its lack of an underground railway, found its buses loaded to 150 per cent of seating capacity. Transport systems in New York and Chicago were reported to be bursting at the seams. The Washington Metro, a sleek new system which was carrying only 250,000 passengers a day before the crisis, saw that figure rise by 15 per cent. The Metro expects to keep 5 per cent of these new passengers in the long run.

But increased demand for public transport is not new. Patronage on urban transit systems has been growing at a steady rate. After the 1973 Arab oil embargo the number of passengers on buses, underground and commuter railways increased by an average 4.13 per cent.

The next three years saw smaller increases, but in 1978 growth was 4.55 per cent over the previous year.

If the figures for the first five months of 1979 are any indication—there are 5.3 per cent more passengers than last year—this may be a boom year for public transport in the U.S.

Yet, after years of neglect, during which the private car reigned supreme, transport fleets are suffering badly from wear and tear.

Many systems are old, ill-equipped and unreliable in the face of rising demand. Even for

The Washington Metro has seen passenger numbers shoot up since the energy crisis stalled the private car.

those systems that have had the foresight to order new stock and equipment there are difficulties, for they face a two- to four-year delay in deliveries.

There are few short-term solutions. Most systems have decided to keep old stock on the road. Others are considering putting "retired" buses back to work should the demand for service grow too great for present fleets to handle.

But even preparations for this sort of solution could take as long as six months, allowing for the gearing-up of maintenance shops, repair and renovation of old buses, and the hiring and training of new drivers.

At present the U.S. has 52,000 buses. There are only two American manufacturers of buses used on local services—General Motors and Grumman's Flexible Company.

The American Public Transit Association has said that both are willing to boost production to twice the present level to meet the growing demand only if there is guaranteed Federal and local finance. Federal funds were granted to Miami Beach, Florida, for the building of a new subway system when an area referendum threatened to cut off local money.

The Federal Government provides cash for states and local communities through the Urban Mass Transit Administration, an operating agency of the Department of Transportation. It comprises grants for capital equipment and subsidies for operating assistance.

The Government pays 80 per cent of the cost of new buses and rail cars, and local communities *and states must find the* remainder. Operating assistance is on the basis that bus and subway fares usually cover only a third to a half of total operating costs.

The Urban Mass Transit Administration received $3.517bn from the Government this year and the estimated need for 1980 is $3.516bn.

Some suggest there is a conflict between the Administration's verbal support for transport subsidies and the 1980 budget, which cuts finance below a previously authorised level. *States, local communities and* public transport undertakings say that, in real terms, current levels of funding are not enough to meet the growing needs.

The recent energy proposals by President Carter call for $10bn to go to public transport over the next 10 years. This would come from the revenues of the Energy Trust Fund. The Trust, however, will not exist if Congress fails to enact the Windfall Profits Tax on the extra money which the oil companies will earn through the lifting of controls on domestic oil prices.

Use of an oil tax to fund public transport is not new. The U.S. has traditionally used a petrol tax to fund Federal and state highway programmes. Transport accounts for the single largest amount of American oil consumption—52 per cent.

When they consider the Windfall Profits Tax, Congressmen are sure to be aware of the need to continue assuring the U.S. citizen's treasured mobility. If they do not, protests are likely to be loud.

OBITUARY

Andre Meyer, investment banker

BY STEWART FLEMING IN NEW YORK

MR. ANDRE MEYER, head of Lazard Freres Investment Bank for 33 years and one of Wall Street's most influential personalities, has died in a hospital in Lausanne, Switzerland.

Mr. Meyer, who was 81 had been in poor health and had not been active in the business for several years.

He had a reputation as an aggressive and imaginative negotiator, particularly concerning mergers and acquisitions, in which Lazard specialises. This has been a lucrative segment of investment banking during the merger waves which have swept the U.S. business scene in the past two decades.

When criticism of the volume of conglomerate mergers erupted in the late 1960s, Mr. Meyer was regarded as one of the figures who had fostered the trend, although its origins lay deeper in the economic and financial patterns of the time.

Mr. Meyer was born in Paris around 1898 and became a stockbroker on the floor of the Paris Bourse. He joined the Lazard Freres and Cie investment banking firm in 1926. This company, along with the London investment banking firm of Lazard Brothers has links with the U.S. company. (Lazard Brothers is controlled by the S. Pearson group which owns the Financial Times).

He quit France in 1940, before the German invasion, and came to New York, becoming head of Lazard Freres in 1943.

In contrast with the policies followed by several other New York investment banking companies, Mr. Meyer adopted a policy of deliberately keeping the business small, concentrating on corporate finance. He shunned the broader diversification, which continues to sweep through New York investment banking and has taken it into commodity trading and even real estate broking in recent years.

WORLD TRADE NEWS

Comecon study finds trade weaknesses

By Leslie Colitt in Berlin

THE SEVEN European Comecon countries have failed to narrow the gap between themselves and Western industrial countries in the value of foreign trade they conduct with the rest of the world.

This is the conclusion of an analysis by Comecon researchers who criticise the preponderance of energy, raw materials and foodstuffs in Comecon exports to the West.

Although the Comecon region produces more than one-third of the world's industrial output, the study says its trade has failed to keep pace. In 1970, Comecon exports made up 10.2 per cent of world exports, while in 1977 this dropped to 9.3 per cent. The region's imports fell from 9.7 per cent of world imports to 9.2 per cent in the same period.

The study says one reason for the poor export performance by Comecon to the West is the "deteriorating business situation" in Western industrial countries and "intensifying protectionist trends." However, the report adds, with unusual frankness, that the Comecon countries frequently produce goods of "unsatisfactory quality" and that their state factories show only a "small degree of flexibility" in adapting to Western markets.

The analysis notes, self-critically, that state industries in the Comecon countries fail to realise that a business slowdown in the West first eliminates from the market "those suppliers who offer goods of poorer quality or who do not deliver them on schedule." It *observes that it is* "easy to fulfill a plan and supply a local market that is less demanding," but that this results in a "minimal interest in seling to difficult markets."

Although trade among Comecon countries made up 58 per cent of their exports in 1977 and 56 per cent of imports, the report criticises what it calls the "lack of uniform criteria for judging the effectiveness of production both in individual countries and even more in CMEA (Comecon) as a whole."

The suggestion is that the lack of convertible currencies in the Comecon countries is hindering specialisation and co-operation in production. The analysis points out that Comecon countries retain "too extensive a production range without considering the market's scope and thus profitability."

The report notes that trade between the Comecon countries as a share of their total trade, dropped three points between 1970 and 1977, while their trade with Western industrial countries rose eight points and that with the developing countries was up by three points.

Japan to back Iran project following assurance on oil

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE MITSUI Group's 300,000 ton petrochemical project in southern Iran, whose future has been in the balance since last winter's Iranian revolution, is now almost certain to be rescued by a large injection of Japanese government funds.

The Government appeared to have decided yesterday to put up much, if not all, of the Y180bn (£363m) which will be needed to complete the Iran-Japan Petrochemical Complex, IJPC.

The decision was reached following assurances from the Iranian Government on two matters of vital concern to Japan and to the Mitsui Group. One is that the complex will not be nationalised after completion next year.

The second concerns Iranian crude oil supplies to Japan. A top level Japanese mission was told in Tehran last week that Iran hopes to maintain "stable" oil supplies to Japan. This is presumed to mean, at the very least, that there will be no cut in deliveries from the present level of 400,000 b/d.

The Government's decision to rescue the Bandar Khomeini project reflects the success of a mission which was despatched to Iran last month under the leadership of Mr. Taohiro Amaya, a senior official at the Ministry of International Trade and Industry, and executive with IJPC. The mission also included representatives from the Ministries of Finance and the Foreign Affairs and from the Economic Planning Agency and the Export Import Bank.

The Mitsui complex, at Bandar Khomeini (previously Bandar Shahpour), was 85 per cent complete when work had to be suspended in March this year as a result of Iran's political troubles. The project was originally expected to cost Y550bn, but this has been revised upwards by stages to Y730bn, the increase resulting mainly from the completion delay and to a smaller extent from inflation.

The provisional agreement that seems to have been worked out between Japan and Iran is that Y100bn worth of the additional financing would be provided in the form of equity with the Japanese and Iranian sides subscribing 50 per cent each.

Japan's share of the additional equity would probably be funded, at least in part, by the Overseas Economic Co-operation Fund, a Government body which specialises in long-term loans to developing countries.

The remaining Y80bn of extra money would probably be in the form of a Japanese loan with part coming from the Export Import Bank.

Failure of the Bandar Khomeini project would have been a devastating blow for the Mitsui group, even though most of the losses involved would have been covered by government insurance. The odds were thus always heavily in favour of Government intervention to help the project through to completion.

British Chamber to close

BY ANDREW WHITELY

THE Irano-British Chamber of Commerce is to close at the end of this month after only 18 months' existence. The decision reflects the considerable fall-off in trade between the two countries since the February revolution as well as the present political and economic uncertainties surrounding Iran.

The final blow was the refusal of the British Overseas Trade Board (BOTB) to finance an expected deficit for the chamber this year in the order of £50,000. The BOTB agreed to support the establishment of a chamber of commerce in Tehran in 1977 on the understanding that its contribution would steadily decrease over a three year period.

The nearly 200 individual and corporate members were told by letter last month that the 47 firm declarations of support received after an extraordinary general meeting in July were insufficient to maintain a chamber in Tehran at even a minimal level.

The chamber was established at a time of rapidly rising trade between Britain and Iran, reaching a peak of approximately £600m in British exports in 1977. Iran was the largest single market for British goods in Asia and the Middle East.

Joint chambers of commerce continue to be operated in Tehran by Britain's main trading rivals, West Germany and the U.S., but in the latter case a considerable question mark is believed to hang over its future.

Although the chamber's premises in Tehran are now being wound up, it is intended to maintain its legal identity and registration so that it can be revived quickly once conditions become appropriate.

China steel market declines

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S STEEL exports to China, once the mainstay of its China trade, have been falling dramatically since the middle of this year because of a shortage of cash on the Chinese side and of a shift away from heavy industry in China's development planning.

China bought 5.6m tons of Japanese steel in 1978, making it the largest overseas market for the Japanese steel industry. In the first six months of 1979 a further 3.08m tons were shipped, but steel industry officials estimate that in the second half of the year shipments of ordinary steel may not exceed 700,000 tons.

A further 250,000 tons of seamless steel pipe—for undersea oil development—have *been ordered by China for shipment* between October and March 1980.

Japan negotiates its steel exports to China through a single channel representing the six main integrated steel producers. Negotiations are held twice a year and usually begin with the Japanese offering a certain volume of steel for shipment.

In the last set of negotiations, held in July, Japan offered to ship 1.8m tons of steel to China during the second half of the year and received an apparently *favourable Chinese response.* Actual orders placed, by China, however, have so far reached only 720,000 tons, excluding seamless tubes, of which a part may not be delivered until next year.

Young mission visits Nigeria

BY MARK WEBSTER IN LAGOS

MR. ANDREW YOUNG, the outgoing U.S. Ambassador to the United Nations, arrived in Lagos yesterday on the third leg of a seven-nation African tour to promote U.S. trade.

Ambassador Young said, on his arrival in Lagos, that his team would try and sort out some of the many practical problems encountered in trade with Nigeria. He particularly cited difficulties in communication and issuing visas.

He is accompanied by a 17-man delegation of businessmen who will have three days of talks with Nigerian Government officials. Mr. Young said they were predominantly interested in agriculturally related projects to which Nigeria has been anxious to attract.

The U.S. runs a large trade deficit with Africa, importing around $12bn (£5.4bn) worth of African goods a year while exporting only $4bn worth of materials to Africa.

Nigeria is particularly important in the deficit because the U.S. is the country's biggest customer for its primary export, crude oil. However, previous attempts at encouraging U.S. investment to Nigeria have very largely failed.

Mr. Young said that U.S. businessmen and manufacturers tended to look first at their home market and did not go out to find markets abroad.

"We hope to bridge some of the practical problems which make it difficult to achieve a trade balance, which we feel would be very much in the interests of Nigeria as well."

The delegation has already visited Liberia and the Ivory Coast and will leave tomorrow to continue their tour visiting Cameroon, Kenya, Tanzania and Senegal.

Jordan and Russia in power talks

By Rami G. Khouri in Amman

THE PROSPECTS of Soviet involvement in Jordan's power-generating plans appear increasingly likely after the visit here this week of a Soviet technical delegation to further investigate the potential for a shale oil electricity plant.

The Soviet team of chemical, geological and mechanical experts visited the shale rock deposits at Lajjun, about 90 km south of Amman, where the Jordan Electricity Authority (JEA) has tentative plans to build a 300 MW power plant fuelled by the nearby reserves of some 800m tons of good quality, shallow-depth shale rocks.

A working programme has been drawn up by the Soviets, the JEA and the Natural Resources Authority to complete technical and economic feasibility studies for the project.

Finns re-sell drilling platform to Norwegians

BY LANCE KEYWORTH IN HELSINKI

THE FINNISH engineering compani, Rauma-Repola Oy, has succeeded in selling an already partly built oil drilling rig of Ocean Ranger type to the Norwegian company DYVI. The contract is valued at FM 270m (£31.7m).

The drilling platform, already 70 per cent completed, was originally ordered by Fearney et Eager of Norway in 1974, but when it got into financial difficulties the contract was abrogated. Rauma-Repola then offered the rig for sale by auction, but as the best bid was only FM 94m, Rauma-Repola decided to go on building it for its own account.

DYVI will rent the drilling platform to Statoil, the Nor*wegian state oil company, which* is starting to explore for oil north of the 62nd parallel. According to Rauma-Repola, some 15 oil driling rigs will be needed in the next few years for drilling in Arctic waters.

Swiss chemical sales increase

By John Wicks in Zurich

TURNOVER in the Swiss chemical industry was higher in the first half of 1979 by 1.2 per cent than for the corresponding period of last year and by as much as 15.8 per cent for the July-December period of 1978, says Dr. Alfred Hartmann, the chairman of the Swiss Society of *Chemical Industries.*

The export value in January-June, 1979, rose by 3.1 per cent to SwFr 4.4bn (£1.3bn), a growth rate exceeding that of 2.3 per cent for total Swiss exports.

UK-CALIFORNIA LINKS

Nott to discuss co-operation deals

BY FRANK GRAY

MR. JOHN NOTT, Britain's *Trade Secretary,* departs tomorrow for a 20-day visit which will take him to Fiji, New Zealand and Australia, but which will begin with a stopover in California.

While in California, Mr. Nott will visit Fairchild, the semiconductor company based in the San Francisco area, and will tour the Lockheed Aircraft plant outside Los Angeles. Fairchild recently joined forces with GEC to build a £50m plant in the UK. Lockheed's orders and options for TriStars is now nearing 300, and this means orders for more than 1,000 Rolls-Royce RB-211 engines.

In Los Angeles, the Minister will deliver a speech to the British-American Chamber of Commerce, which will deal with trade co-operation, particularly in the area of advanced technology. He also intends to speak out on some of the impediments to U.S.-UK trade, such as problems in the cargo shipping industry, U.S. anti-trust regulations and unitary taxation, whereby certain states, such as California, tax foreign companies on the basis of their worldwide income rather than on locally-earned profits.

The Minister's visit comes at a time of growing interest by UK business interests in the western U.S. market. The British Overseas Trade Board's (BOTB) North American advisory group has organised a series of seminars this month on trade opportunities in the western U.S., specifically Arizona, California, Oregon and Washington.

Two seminars have taken place already in Edinburgh and Sheffield, with two more this week planned for Bristol and Cardiff. During the seminars, the BOTB is emphasising technology intensive industries, ranging from aerospace to pharmaceuticals, rather than investment in heavy industry.

The focal point remains California itself, where the UK was the State's second most important European trading partner last year after West Germany.

In 1978, the UK exported some $533m in goods to the State, and imported $505m, according to figures tabulated by Security Pacific National Bank, the California-based bank. This represents a tripling in the value of goods traded since the beginning of the decade, with Britain generally enjoying a trade surplus.

In the first six months of this year, business surged, with the UK's exports climbing by 25 per cent to $303m over the same period last year. Imports, however, have climbed 54 per cent over the same period to $383m.

British goods were dominated by shipments of cars and internal combustion engines, for a total value in the first half of $105m, while whisky exports added another $26m. The main imports were *aircraft and transportation equipment,* valued at $96m, with another $145m in computers, electronic components and internal combustion engines.

West Germany's imports for the half year were $286m, but its exports were $720m, more than half of which was accounted for by car exports.

The State's total volume of trade last year exceeded $36bn, some 75 per cent of which involved commerce with Asian countries, mainly Japan. By comparison, trade with the whole of Europe comprised 15.5 per cent.

Security National still sees the UK maintaining its exceptionally high growth rate this year, with the possibility of some downturn by the year-end. In world-wide terms, imports to the State are expected to rise by 10 per cent for the year, with Californian exports climbing by 20 per cent.

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) may lose jobs in steel tubes slump

BY ROY HODSON

A SHORTAGE of orders for steel tubes is forcing the tubes division of the British Steel Corporation to cut production and negotiate up to 500 redundancies with the unions at three plants in Lanarkshire, Scotland.

The division was the only sector of British Steel to make money in the last quarter. It made a pre-tax profit of £600,000 compared with a loss of £2.5m in the same quarter a year earlier.

British Steel as a whole lost £73.4m during the last quarter and is continuing to lose about £1m a day.

According to tubes division executives a new crisis has arisen in the international market. Demand for seamless steel tubes both at home and abroad is proving lower htan predicted. British Steel is blaming the strong pound and the depreciation of the Japanese yen for influencing an international trade which is acutely sensitive to price movements.

The corporation is proposing that the tubes rolling mill at Calder works, Coatbridge, should be closed. About 200 jobs would be lost.

The corporation also wants temporary reductions in shift working at Imperial works, Airdrie, and Clydesdale works, Bellshill. These would involve the loss of more than 200 jobs on the shop floor, in administration, in engineering, and in the finance and the development departments.

Twelve months notice of the job losses is being given from October 1.

Mr. Adam Butler, Minister of State for Industry, strongly criticised the inter-union dispute which is holding up the operation of the new Hunterston ore terminal on the Clyde when he visited Scottish steel plants yesterday.

The £100m ore terminal has not been used since it was completed in May because the Clyde dockers and the steel workers cannot agree who should man it.

Mr. Butler said the dispute was adding to the costs of the Scottish division of British Steel and making it much more difficult to achieve production targets set by management.

He reminded the union members that no further Government money to finance British Steel's operating losses would be forthcoming after March 1980. He said "This incident demonstrates that one man's dispute can prove to be someone else's job loss."

Japanese, American, and West German companies making tubes and pipes secured nearly all the growth in world demand in 1978, according to West German trade sources.

British Steel's difficulties in the new pipes and tubes slump indicate that it being left with a permanently smaller share of the world market.

Dunbar resigns NEB post

By John Elliott, Industrial Editor

MR. DAVID DUNBAR, head of the National Enterprise Board's electronics division, has resigned to return to private industry.

Mr. Dunbar is to join Morgan Crucible as chairman of three small subsidiaries. He will have a general brief to find new investment opportunities.

Mr. Dunbar said yesterday that he had not resigned because of policy differences with the Government, even though Sir Keith Joseph, Industry Secretary, has rejected some NEB plans for its continuing high technology role. He had spent five years in the public sector and felt it was time to move on.

Mr. Dunbar will leave at the end of the month. His job will be taken over by Mr. Dick Morris, the Board's deputy chairman. This reflects the importance of the electronics division to the NEB under the present Government.

Mr. Dunbar joined the NEB with Lord (then Sir Don) Ryder when the Board was set up four years ago. He was previously personal assistant to Lord Ryder at Reed International and was also his assistant at the Cabinet Office.

Mr. Dunbar has had setbacks in recent months. The Government rejected an NEB plan he developed to form a new electronics subsidiary, which would have included fresh private sector capital. The subsidiary would have taken in all the board's electronics investments, including its shares in ICL and Ferranti. Some, or all, of the NEB's shares in ICL and Ferranti are expected to be among the NEB's assets sale later this year.

Airlines plan 10% fare rises on domestic routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES FLYING UK internal air routes are planning further fares rises of about 10 per cent from November 1 due to soaring costs, especially labour and fuel.

If the Civil Aviation Authority approves — by no means a foregone conclusion—it will be the third major rise in domestic air fares this year.

Many fares rose by an average of 7½ per cent on April 1, although rises on the British Airways' trunk routes were refused then by the CAA.

BA was later permitted a £3 rise to £37 single in the London-Glasgow/Edinburgh rate to compensate fuel increases.

Brymon and Dan-Air have applied for November 1 rises on various routes averaging about 10 per cent. The other airlines are preparing applications for similar rises to be submitted to the Civil Aviation Authority soon.

British Airways has already said its fuel bill is expected to jump from £240m to over £400m in the current financial year.

Mr. Roy Watts, chief executive, warned some time ago that the airline would seek further fares increases on both internal and international routes to compensate for soaring costs.

International fares went up from September 1 by between 6 and 15 per cent according to the route. Most European fares rose by about 6 per cent and transatlantic fares by about 10 per cent.

● Four UK domestic airlines — Dan-Air, Air Anglia, British Midland and British Island Airways — are now discussing how to divide the 26 domestic air routes British Airways said it wants to drop because of persistent losses.

The routes are mainly those linking provincial cities such as Southampton, Birmingham, Bristol, Leeds/Bradford, Newcastle, Edinburgh and Glasgow with the Channel Islands, and linking some provincial centres with Dublin, Manchester and the Isle of Man.

● More than 35 individuals and environmental groups are lodging objections to renewal of the joint British Airways/British Caledonian/British Airports Authority inter-airport helicopter service between Gatwick and Heathrow.

Chemists' shops 'closing one a day'

CHEMISTS' shops in the UK are closing at the rate of one every working day, and this trend is almost certain to continue, delegates to the British pharmaceutical conference in Exeter were told yesterday.

Mr. David Dalglish, a member of the council of the Pharmaceutical Society of Great Britain, said retail pharmacies in the UK had dropped from 14,620 in 1962 to just over 10,000 today.

One of the main reasons for the closure was the "piece rate mentality" on which the contract between pharmacists and the National Health Service was based.

Mr. Patrick Jenkin, Social Services Secretary, said talks would take place soon on the rational location of pharmacies.

P and O expands

Peninsular and Oriental Steam Navigation expects to more than double its Fleetwood-Dublin freight trade capacity by early 1980. Its Pandoro subsidiary is to introduce two new 5,900-tonne Japanese ferries.

Avon's new tyre

Avon Tyres yesterday introduced a new steel-braced radial called Turbosteel, designed to give a better road grip in the wet and improved safety at high speed.

Wildlife appeal

Lord Olivier yesterday launched an appeal for £2m on behalf of the World Wildlife Fund. The money will be used to purchase and protect areas of land in the UK which have been officially recognised as being of special conservation value.

Battery move

Lancashire Batteries of Blackburn has brought Park Batteries, and will be using the company to move into the truck and car battery markets. About 50 people are employed at Lancashire, but the workforce is expected to double.

Methven wages plea

Britain's business managers must spell out the economic facts of life to their workers in simple terms, Sir John Methven, director general of the Confederation of British Industry, said in Glasgow yesterday. "The message we have to get over is that when we stress the need for moderation in wage claims, we are not trying to grind the faces of our employees but attempting to build a better future."

Nationwide plans to expand into Europe within two years

BY MICHAEL CASSELL

NATIONWIDE Building Society is "seriously considering" expansion into Europe, which it believes could take place in about two years.

Nationwide's announcement reflects growing interest among societies over prospects in Europe. Abbey National has established a representative office in Brussels. But no building society is yet permitted to raise and lend funds outside the UK.

Before the societies can operate in Europe, the EEC Banking Directive, which has been deferred in respect of the building society movement, will have to be implemented. Legislation will also be required to allow international operations. Changes in the law would be required in individual countries.

Mr. Leonard Williams, chief general manager, said yesterday that Nationwide was examining the prospects for extending operations to other EEC countries.

The wide variety of systems for housing finance showed both the opportunities and the difficulties of achieving an eventual Common Market in housing finance. It would give investors and borrowers a wider choice than they had in each country.

Nationwide yesterday published a review of housing and housing finance in the Common Market. It points out that about half the homes in the EEC are owner-occupied.

The highest proportion of home ownership is in Ireland (75 per cent), with the lowest (39 per cent) in West Germany. In the UK, 54 per cent of the housing stock is owner-occupied.

According to Nationwide, home ownership is rising in all the EEC countries. About half th housing in the Community has been built since the Second World War, although a third was put up before 1919. France and Ireland have the highest proportion of old property and the Netherlands has the most new housing.

Production of TV tubes suspended

MULLARD, Britain's only television tube manufacturer, is to close its Belmont factory in Durham for two weeks next month because of falling demand.

The company, a subsidiary of the Dutch Philips group, said the closure was necessary to reduce stocks to an acceptable level.

Show debut for new equipment

MORE THAN 180 new items of garage equipment will make a British debut at the Garagequip '79 Exhibition at Olympia, London, from September 24 to 28. Sixty of them have not been shown publicly before.

PUBLIC NOTICES

SANDWELL CORPORATION
£1¼m Bills issued today due 12.12.79 at 13⅜% p.a. Total applications £13m. Total outstanding £5¼m.

SUFFOLK COUNTY COUNCIL BILLS
£3,000,000 Bills issued 11.9.79 maturing 11.12.79 at 13 11/32%. Applic. tot. £32,500,000 and there are £12,000,000 Bills outstanding.

Nuclear industry told 'join weapons debate'

BY PAUL CHEESERIGHT AND DAVID FISHLOCK

THE COMMERCIAL atomic energy industry has been urged to take an active part in the debate over the rapid growth of nuclear weapons.

The annual meeting of the Uranium Institute in London, heard that otherwise the industry could be faced with rules drawn up outside the industry.

Unless civil nuclear power programmes could be pursued in ways which demonstrated to "reasonable but suspicious men" that they would not make weapons growth more likely, they would not be pursued at all, Mr. Ian Smart, an adviser on energy affairs, told the industrialists.

There was no technical solution to proliferation; no way of designing or restricting the nuclear fuel cycle which would eliminate the possibility.

But the international uranium industry warned governments not to use nuclear non-proliferation controls as a means of seeking commercial or technological advantage. This would underwine the credibility of the non-proliferation system.

The warning came from Mr. Tony Grey, chairman both of Pancontinental Mining of Australia and the committee on international uranium trade at the Uranium Institute which links uranium producers and consumers.

Mr. Grey implicitly attacked the uranium marketing policies of the U.S., Canada and Australia, whose governments have sought to link uranium supplies with special bilateral agreements independent of the Nuclear Non-Proliferation Treaty.

Even bona fide non-proliferation controls were an overkill on what was needed to achieve legitimate non-proliferation objectives.

New president for institute

MR. JOHN GAMMON, the South Western Electricity Board's purchasing and stores controller, will be installed as president of the Institute of Purchasing and Supply on September 27 during its annual conference at the University of Sheffield.

Plessey to supply satellite stations

BY JOHN LLOYD

PLESSEY, ONE of the UK's leading electronics companies, has announced the formation of a new business—Plessey Satellite Communications — within its electronics systems division.

The new company has already taken two orders—the first, valued at more than £1.4m, is for the supply and installation of a satellite earth station in Western Samoa; the second, valued at more than £70,000, is for an antenna system for the Philippine Communications Satellite Corporation.

The company will market standard satellite earth stations meeting Intelsat standard specifications. All stations will be designed to carry voice, telex, data, telegraph, television and audio programmes.

The company said yesterday that it was "responding to the opportunities which will be presented by the tremendous growth expected in satellite communications systems."

Safety move on pathogen research

By David Fishlock

FOUR PUBLIC health laboratories working with dangerous pathogens have been served with notices to stop such work, the Health and Safety Executive disclosed yesterday.

But work has since restarted at the Colindale public health laboratory in North London, in a newly commissioned laboratory approved by the executive.

New laboratories are also under construction for work with dangerous pathogens at two other centres—Ruchill Hospital, Glasgow and Nine Wells Hospital, Dundee.

Dangerous pathogens are micro-organisms considered very dangerous in man, such as smallpox, rabies and Lassa fever pathogens.

The Health and Safety Executive has inspected all 14 laboratories in Britain which work with these organisms, following the death of a photographer at Birmingham Medical School last summer.

The executive said yesterday: "Laboratories that handle pathogens must be equipped and managed to the highest standards. If they are not, it is not only doctors and scientists who could be at risk, but also other work people."

Maplin plan attacked

A six-point plan attacking suggestions that Maplin should be the site for the third London airport was launched yesterday by the Defenders of Essex, an environmental group representing nearly 6,000 local people. They object on the grounds of cost, land loss and remoteness.

Runway plan

Mr. Michael Heseltine, the Environment Secretary, will decide on the planning application to extend the main runway at Manchester International Airport. The application involves 131 acres of land and several objections to the scheme have been lodged.

Economy drive

Renault is introducing a five-door version of its Renault 5, which runs on two-star petrol and is said to have a performance of between 51 and 56 mpg from its 1,298 cc engine.

£6m grant scheme

The Government is to spend £6m in grants on urban projects in areas of special social need during 1980-81. Projects will include industrial, transport, recreational and educational schemes.

Travel companies unveil low-cost U.S. holidays

BY MAURICE SAMUELSON

TWO OF Britain's leading travel companies, Cosmos and Thomson, yesterday unveiled a series of holidays in the U.S., many no dearer than a fortnight in a good hotel on the Mediterranean.

Among Cosmos's offers are a two-centre holiday at Miami Beach and New York City at £195 for two weeks, including transatlantic and U.S. internal flying. The company is increasing its U.S. capacity next season to 50,000 bookings with departures from London, Manchester and Prestwick (Scotland).

Thomson, Britain's largest tour operator, als oconfirmed that holidays to the U.S. were booming and predicted that it would be one of the fastest growing destinations for British tourists. It is offering 12,000 U.S. holidays, with British tourists. It is offering 12,000 U.S. holidays, with prices higher than Cosmos's, starting at £269 for two weeks in Miami. Most flights are with scheduled airlines and accommodation is in top-class hotels.

However, the two companies disagreed about the overall scale of overseas travel next year. While Cosmos predicted a "massive growth." Mr. Roger Heape, Thomson marketing controller, said that with high domestic inflation, people taking holidays next year would not increase significantly.

For Thomson, too, the U.S. venture is only a minor part of a 650,000 holiday programme for next summer.

With the decline in the dollar's value, compared with sterling holiday currency, food, transport and accommodation were now cheaper in New York and Los Angeles than in London, Manchester or Glasgow, Cosmos said.

U.S. holidays had also become more attractive as a result of low transatlantic air fares. The Cosmos flights to New York and Los Angeles are with Laker Airways.

A third operator, Intasun, is also expected to announce economy holidays in the U.S.

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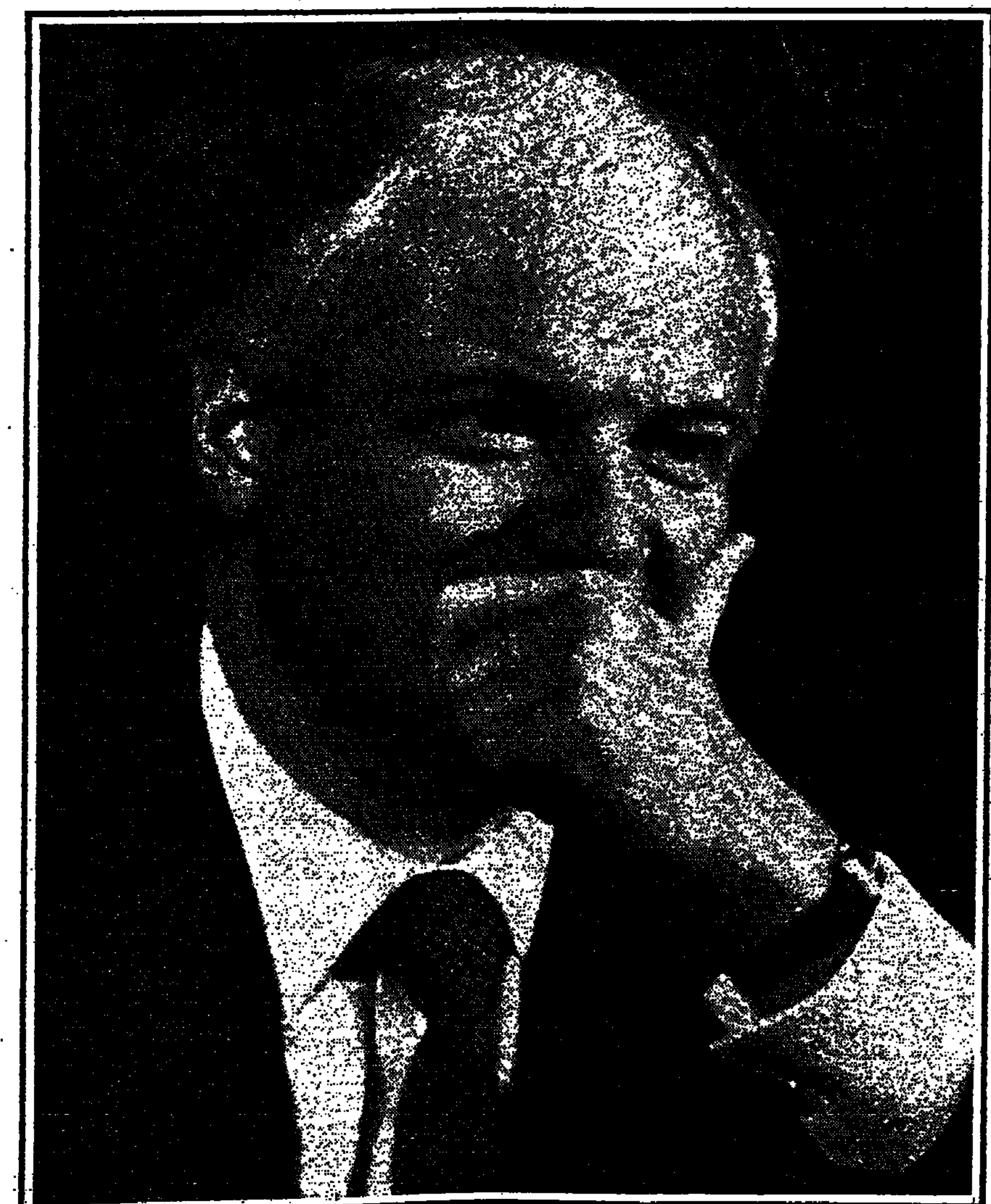

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Managers to issue code on workers

By Nicholas Leslie

A CODE outlining how Britain's managers should approach the question of worker participation is to be issued shortly by the British Institute of Management.

This was disclosed yesterday by Mr. Leslie Tolley, the chairman, when he said that the institute remained interested in employee participation although the subject had been withdrawn from the political arena.

The code will outline BIM thinking on worker participation and provide a concise guide to a manager's objectives.

It will state that any measures being considered by a company should cover all employees, union members or not. Managers should recognise that in their dual role of employees and representing a company they must be included in any participation. Managers should encourage all employees to recognise the need for change.

Mr. Tolley referred to the code yesterday in London following publication of the BIM's 1978-79 report. He also said that, under the present Government, Britain had a "last chance" to achieve economic success. If it failed to grasp the opportunity "the only hope is that one day Phoenix will rise from the ashes."

In his annual statement, he said that continued emphasis on representation to the Government and other interested parties on matters affecting managers had contributed to the influx of new members.

In 1974 individual membership stood at 44,843. In the year to March 31, 1979, the number had risen from 57,387 to 62,051.

He also called for the restoration of the work ethic "and a return to the principle of a fair day's work for a fair day's pay."

DOW CORNING TO GET STATE AID PACKAGE FOR WELSH PLANT

Silicones maker confirms £135m expansion

BY ROBIN REEVES, WELSH CORRESPONDENT

DOW CORNING, the U.S. owned silicones manufacturer, yesterday confirmed it is to go ahead with *a £135m expansion project* at the company's plant in Barry, South Wales.

Approval of the scheme by the company's Michigan headquarters *follows a Government* decision to modify its stance against state aid to industry and back the scheme with a £34m industrial aid package. The government contribution will be made up of £18.25m under the Section Eight selective investment scheme of the 1972 Industry Act and the rest from regional development grants.

Justifying the aid, Sir Keith Joseph, the industry secretary, indicated the Government was moving towards a more pragmatic approach. "The UK welcomes *inward investment* and will continue to contribute towards costs where a project would otherwise not come here," he said.

"The Government intends to create a stimulative climate that *will make* the UK a more attractive place for companies to invest," he added.

Dow Corning, the biggest silicones manufacturer in the world, also explored the possibility of siting the expansion at one of two U.S. plants, in Latin America, or Japan.

The decision in favour of Barry is seen as securing the long-term future of the plant in what is described as a fiercely competitive, high technology industry.

Silicones in various forms are used in many applications, ranging from an anti-foaming constituent in detergents, to heat transfer fluids, to artificial limbs.

The new investment will more *than double Barry's output of* basic silicones and provide additional finishing capacity.

The scheme will take until 1986 to complete but from 1983 onwards Barry will become the company's largest manufacturing plant outside the U.S. and 75 per cent of production will be exported.

Mr. Donald C. Walters, president of Dow Corning Europe, stressed yesterday that although the processes for making silicones were costly, the raw materials — silicon, oxygen and carbon — were in plentiful supply.

Efficiencies

"We believe silicones can in many cases supplement or replace organic products based on petrochemicals which will become increasingly scarce as oil supplies run out."

The expansion at Barry would enable the company to obtain the necessary efficiences of scale. Silicones would need to be manufactured in much larger volumes than ever before if they were to replace organic materials, he added.

In spite of its size, the project is due to add only another 125 permanent jobs to the 400 at Barry. But the company noted yesterday that the six-year construction phase would involve a workforce approaching 300, including 50 to 80 engineers, and significant amounts of the construction material and equipment would be purchased in the UK.

In addition, the substantially increased output from the plant will enable the company to move away from road transport of chemicals to more bulk transport by rail and ship. The project plan includes the building of an access road and pipeline between Barry Docks and the plant for the transfer of liquid chemical by ship.

Silicones were first produced on the Barry site by Albright and Wilson in 1952. Two years later it was put under the management of a newly formed company, Midland Silicones, owned 60 per cent by Albright and 40 per cent by Dow Corning, which is a subsidiary of Dow Chemical and the Corning Glass company. Dow Corning bought out Albright and Wilson's stake in 1971.

Strict

John Elliott adds: This is one of the biggest aid packages yet assembled by the Industry Department. It is also by far the largest approved by the Government which objects in principle to industrial aid but recognises that it is needed both *to attract multi-national investment* projects into the UK and to boost the regions.

The £34m compares with a £46m package provided last October for Hoffman La Roche to build a £140m vitamin C plant in Scotland. That package included a record £18m selective investment scheme award which the Dow Corning £18.25m just exceeds.

Other major aid packages have included the £150m for a Ford Motor expansion, based on a new Cardiff factory, and £12m to £14m awarded by the Government in July to National Semiconductor of California to build a micro-electronics plant in Scotland.

The selective investment scheme which is used to boost many of these aid packages was provided with £150m funds by the last Government and will be continued on a more informal basis, but with strict criteria, by the present administration once the money has been used up. So far £84m assistance has been committed to 145 projects costing £820m, and another 200 applications are being considered. The closing date for applications under the formal £150m arrangements was June 30.

European competitors fear market casualties

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE EXTENSION plan has caused some uneasiness among the tiny band of Dow Corning's European competitors.

They are worried that the steady growth of the world silicone market may not be big enough to take a substantial increase in production capacity—at least not without someone being hurt. And it is a safe bet that the someone would not be Dow Corning.

Dow Corning, which is jointly owned by Dow Chemical and Corning Glass, is far and away the leading manufacturer of silicones in both Europe and the U.S. It is estimated to have a 49 per cent share of the American market—considerably more than its nearest competitor in the U.S., General Electric, which is thought to have a *27 per cent share.*

On this side of the Atlantic, Dow Corning has only four competitors of any size in the silicone market. These are the French-based *Rhone-Poulenc, the UK-based* Imperial Chemical Industries and two German-based companies, Bayer and Wacker-Chemie.

The American-based group, which has silicone plants in West Germany and Belgium as well as in South Wales, does not have quite such a strong market lead in Europe as in the U.S. It is *thought* to have a market share of about 25 per cent, with Rhone-Poulenc coming a strong second in the league table. Bayer and Wacker-Chemie—in which Hoechst, the German-based chemicals giant, has an interest—are believed to have roughly equal shares. ICI is under*stood to have the smallest* slice of the market among the major producers.

Dow Corning admits that "competition is fierce" in the silicone market. But one of the main reasons for its decision to more than double its production capacity at Barry is that it expects demand to grow at an even faster rate than *it has during the last 30* years.

Silicones were commercially developed in the U.S. shortly after the Second World War, although much of the initial research into the chemistry of the product had been carried out earlier in British laboratories. The market for silicones has *grown at a fairly steady rate* of 15 per cent a year, in both volume and value terms, since the late 1940s.

Silicones have an enormous range of applications. They are used in almost every major industry, from synthetic rubber manufacture to the production of foodstuffs. They are semi-organic and have *replaced* traditional organic products in many areas.

But Dow Corning believes the scope for substitution is still considerable. The group says that silicones have a number of advantages *over other* products. For one thing, they are not made from oil-based raw materials, but from methyl chloride and silicon, which in turn comes from a special kind of quartz. Dow Corning believes that the tightening of world supplies of crude oil is bound to have an impact on the availability *of oil-based feedstocks for the* production of chemicals. This should help boost the silicones market.

The total world market for silicones is put at between 0.25m tonnes and 0.3m tonnes a year. About 33 per cent of this is in the U.S., 25 per cent in Europe and the rest scattered round the world. *The world market is worth* something between £500m and £600m a year.

Dow Corning clearly feels there is plenty of room for further expansion. It will not say how big the planned extension of the Barry plant will be, but overall capacity in 1986 will probably be about 150,000 tonnes a year.

Given Dow Corning's existing strength in the silicones field, it is not surprising that other European producers are viewing its latest project with dismay.

Consumer credit companies face curbs

By Our Consumer Affairs Correspondent

THE Office of Fair Trading is to take a tougher line with companies providing credit facilities for consumers.

The Office has amassed evidence to suggest that a growing number of companies should either have their licence to provide credit facilities revoked or have their application for a licence refused.

In the first *eight months of* this year, 156 applicants for licences or existing licence holders have been warned that their credit services may be stopped. Fifty similar cases were dealt with last year.

Companies to come under the Office's scrutiny for their trading record are mainly motor dealers, although credit guarantors—including several major finance houses—are under review.

Cases which can lead to the refusal of a licence include car dealers who alter car mileage odometers, sell cars in an unroadworthy condition, or who fail to remedy defects existing at the time of sale.

Credit agreements which *include clauses* unenforceable in law but which may have misled the consumer are also sufficient reason for a company to receive a warning about its licence.

The number up to the end of August of companies receiving warning notices from the Office is 220.

Of these, 75 have been granted or allowed to keep their licences, often on the basis of undertakings regarding future behaviour.

In the first eight months of this year, 13 companies have had their applications refused.

The move to take a tougher line with rogue credit companies follows the Government's decision in July to extend for ten years the life of a licence.

ACCOUNTING BY MICHAEL LAFFERTY

Green Paper proposes company law reforms

SUBSTANTIAL REFORMS to company law relating to annual accounts are proposed in the Green Paper, Company Accounting and Disclosure,* published yesterday.

To a large extent, the Green Paper is inspired by the EEC fourth directive on company accounts, adopted last year, *which has to be implemented in* member states by July, 1980. In addition, the Government has grafted on a number of major proposals of its own. Altogether, it amounts to an unprecedented programme which would significantly alter the existing status quo.

The main proposals are as follows:

- The introduction of a three-tier disclosure structure for companies, with different requirements for large, medium and proprietary (small) *companies.*
- Proprietary companies, defined as small independent private companies, will be required to disclose significantly less *information* about their affairs than at present.
- Large companies (including all listed companies) will be required to disclose more information, including further details of short-term borrowing, leasing arrangements and pension commitments, plus a statement of source and application of funds and an *analysis of turnover by geo*graphical area.
- The form in which accounts are presented and certain valuation rules (accounting principles) for drawing up *accounts will be set out in law* for the first time.
- Companies will be able to draw up their accounts on a current cost basis if they wish.
- Monetary thresholds in the existing law relating to disclosure will be raised, reducing the burden across the board.

The proposed categorisation of companies into three tiers for *disclosure purposes is a break* with tradition in British company law. Existing law, including provisions on disclosure for the most part, treats all companies in the same way. All are required to make certain minimum disclosures, have audits and file accounts for public inspection.

This position is in marked *contrast with requirements* in other European countries and the U.S. Using the fourth directive as an excuse, Britain is now about to fall back into line, by making life easier for the vast majority of limited companies which happen to be small.

The disclosure tiers are defined as follows:

Top tier: All listed companies and all other companies which exceed two of the following three criteria: they have turnover of £5m, a balance sheet total of £2½m and their average *number of employees is 250.*

Middle tier: All public companies not included in the top tier, and all medium-sized private companies which do not fall within either the top or the bottom tier.

Bottom tier: Small independent private companies which do not exceed two of the following three criteria: a turnover of £1.3m, a balance sheet total of £650,000 and an average of 50 employees.

EXAMPLE OF PROPOSED PROFIT AND LOSS ACCOUNT

1 Turnover		xx
2 Cost of sales		(xxx)
3 Gross profit/loss		xxx
4 Distribution costs		(xxx)
5 Administrative expenses		(xxx)
6 Other operating income		xxx
		xxx
— Operating profit/loss	x	
7 Dividends from subsidiaries	x	
7 Dividends from participating interests	x	
	xx	
8 Interest on loans to group companies	x	
8 Interest on other loans	x	
	xx	
9 Other interest receivable	xx	xxx
10 Amounts written off investments		(xxx)
11 Interest payable to group companies	(x)	
11 Other iterest payable	(x)	(xxx)
— Profit/loss before tax		xxx
12 Corporation Tax		(xxx)
13 Profit/loss after tax		xxx
14 Extraordinary income	x	
17 Less: taxation thereon	(x)	xxx
19 Profit/loss for the year		£xxx

The reference to balance sheet totals—a concept virtually unknown in the UK outside the banking sector—arises from the directive's requirement that companies should observe standard layouts in the presenta*tion of both the balance sheet* and the profit and loss account.

This represents a significant departure from current UK law and practice. The directive allows companies a choice between a vertical and horizontal balance sheet, and between two forms of income statements, each of which in turn may be either vertical or horizontal. The Green Paper takes full advantage of this flexibility.

The fourth directive distinguishes, in the case of both medium and small companies, between accounts which are drawn up by a company (these are the accounts which must be circulated to shareholders) and the information to be included in the accounts which are to be published, i.e. filed with the registrar. This distinction is new to the UK. It *enables consideration to be* given to the needs of the company and its shareholders separately from the needs of creditors and others who have access to published accounts.

The directive permits small companies to draw up and publish a balance sheet in an abridged form. This would result in significantly less detail appearing in the balance sheets of small companies than present law requires. The directive also permits abridgement of the profit and loss account drawn up *and circulated to shareholders*, to the extent that turnover and certain information regarding trading margins (not at present required by UK law) may be omitted. Publication of the profit and loss account is not required.

The Green Paper states that the Government intends to reduce significantly the amount of information to be disclosed by proprietary companies. It asks for comments on two options which may be considered, in relation to such companies, in implementing the fourth directive:

1—To take full advantage of the concessions permitted by the directive. This would mean that shareholders in proprietary companies would receive significantly less information than they do at present, since the accounts would be drawn up in *a more simplified form.*

2—To maintain approximately the existing legal requirements for drawing up accounts, for use by the company and circulation to shareholders, but to take full advantage of the concessions permitted by the directive on publication of accounts so that only an abridged balance sheet with no profit and loss account would be published.

The document makes it clear that neither of the options would require small companies to prepare two sets of accounts. *The directors could file the* accounts as drawn up and circulated to shareholders, and might only decide to prepare abridged accounts for filing where they considered *it necessary* to protect their privacy or competitive position.

The requirement to disclose the number of employees earning more than £10,000 a year will be raised to £20,000. Similarly, the requirement to disclose directors' earnings in bands of £2,500 will be altered to £5,000 and the threshold for disclosure will be raised from £15,000 to £40,000.

**Cmnd 7654. HMSO, price £2.50.*

UK NEWS—THE CRISIS AT BL

Doubts over technical resources for new car

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE MAIN thrust of BL Cars revised model programme will be directed at the middle car sector where it is currently vulnerable.

The new car replacement for the Allegro and Marina models, code-named the LC10, will be brought forward 12 months to 1982 and will be assembled at Longbridge, Birmingham, rather than Cowley, Oxford.

The doubts which must cloud such proposals, however, are whether BL has the technical resources to mount such a crash programme and whether the Government will be prepared to fund the project on the scale projected.

The shortage of engineering skills has been one of the main factors which has inhibited BL's development programme and it is difficult to see how the deficiency can be quickly remedied with the company's present uncompetitive pay rates.

The cost of the original LC10 project has escalated to around £400m and it remains to be seen whether economies can be effected at this stage.

The fact the project has been switched to Longbridge has caused not only surprise to union leaders but also concern about the long term future of the Cowley assembly factory with its 9,000 workers.

Longbridge, with 20,000 employees, has already benefited from the investment underway in preparation for assembly next year of the £280m Mini Metro new small car.

BL insists there is adequate capacity for both projects at Longbridge but it seems likely that further investment would be necessary.

A hatchback version of the Metro might also be introduced at Longbridge in order to strengthen BL's penetration at the bottom end of the market.

Cowley is compensated to the extent that it, rather than Cowley, Coventry, is now scheduled to assemble the new saloon to be built in collaboration with Honda of Japan.

How important the Honda deal will eventually prove remains in doubt. For the present it is planned to build one model, probably with around one litre engine capacity.

The model is expected to achieve sales of at least 50,000, but, if it proves successful in Europe, could climb to around 90,000. In the longer term it seems likely that Honda will develop a family of saloons from the basic model and BL could take part in such developments.

Cowley, which currently assembles the Marina, Maxi and Princess models, has also been named to manufacture a derivative of the LC10, the LC11, timed for 1984.

It must be questionable, whether by that time it will be economic to assemble at Cowley the derivative of a vehicle already in production at Longbridge rather than concentrating manufacture at one plant.

An up-dated version of the Princess will also be important to Cowley's future.

The plant which has probably suffered most from successive changes in management policy must be Canley, with an 8,000 workforce. Production of the TR7, transferred to Coventry from Speke, Liverpool, is still only gathering momentum.

Sir Michael Edwards, the BL chairman, has now decided not only will Canley not get the new Honda but also that all car assembly will halt. How quickly the rundown takes place has still to be negotiated but the current Dolomite and Spitfire models were scheduled to be phased out in the next couple of years.

Loss of assembly facilities would cost Canley around 5,000 jobs but it has still to be decided how much engineering work would remain at the factory.

Assembly of the TR7 sports car and its eventual V8 engine successor, the TR8, will be transferred to the modern Rover factory at Birmingham, which is currently operating at little more than one third capacity.

Titan bus delays hit London Transport

By Hazel Duffy, Industrial Correspondent

LONDON TRANSPORT is likely to have to cut services as a result of the serious shortfall in deliveries of the Titan bus from BL's Park Royal plant. Out of 250 which were ordered by London Transport for delivery this year, only 79 have been delivered.

The closure of Park Royal, announced by BL chairman Sir Michael Edwardes as part of the package of cuts throughout BL, is scheduled for June, 1980. London Transport had already been having discussions with BL about the delivery shortfall on the Titan.

It is also talking with alternative suppliers, notably Metro-Cammell Weymann, the possibility of a supplier outside the UK has also not been ruled out.

In an attempt to meet the shortfall on the Titan, BL has offered to sell more of its National single-deckers to London Transport. It seems likely that London Transport will take up this offer.

London Transport has 500 Titan buses on order, and the West Midlands and Manchester passenger transport authorities have 190 each.

The total order book for the Titan is 800, valued at £45m. But production at Park Royal has been very low—averaging about two vehicles a week. The management claims the workforce of 630 should be able to make eight or nine.

The management also says that there has been union opposition to plans to recruit 200 more men, which would have enabled production to be increased to 14 a week.

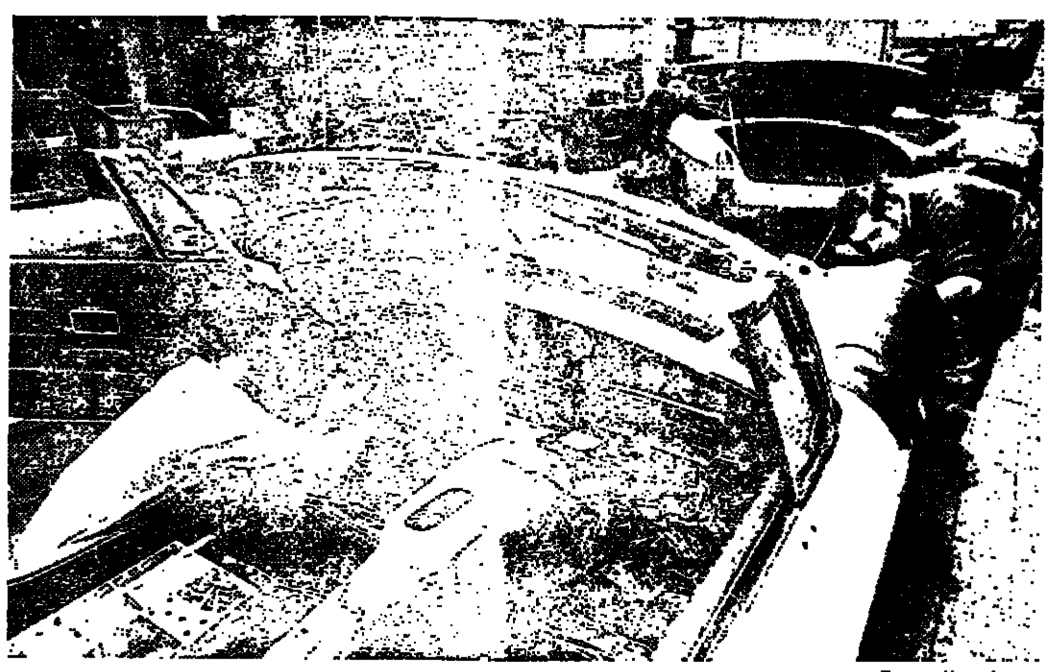
Sir Michael said yesterday that the workforce has been deliberately holding back production. A warning letter about the implications of poor productivity was sent out to the Park Royal workforce in June.

The Titan first went into production at Park Royal last year. The possibility that it might be transferred elsewhere is under discussion, although Leyland Vehicles says this would be difficult.

A development of the Titan, codenamed the B45, is expected to go into production in 1981 at other Leyland plants.

MG fans protest at closure

BY JOHN GRIFFITHS



The MG production line at Abingdon Trevor Humphries

IT IS a harsh irony that little more than 24 hours after the workforce at the MG Cars Cars plant at Abingdon, near Oxford, had finished a week of celebrations marking its 50-year past, Sir Michael Edwardes announced that, as the maker of the MG sports car, the plant had no future.

Sir Michael's proposal to shut down Abingdon as part of an overall plan for streamlining BL and speeding up the introduction of desperately-needed new models remains just that: a proposal. Put forward to the unions nationally on Monday, the overall plan will be intensely debated between management and unions at national and plant level before it goes before the National Enterprise Board next month.

If all goes as Sir Michael wishes, it is expected that the last MG will roll off the line at Abingdon 12 months from now. The other MG made at Abingdon, the Midget, has been suffering from falling sales for some time—production has dropped ot 300 per week. It was due to be phased out by the end of the year before the new restructuring plan was announced.

What will happen to the MG name is not clear. Sir Michael on Monday was firm in stating that BL would retain the marque name. Mr. Ray Horrocks, the newly-appointed managing director of BL cars, has also said that the MG name would find its home on the bonnet of a BL car.

Speculation that it would appear on the BL-Honda car, to be built at Cowley, was being discounted at BL yesterday. But it might become a version of the new small-to medium-sized car to be built at Longbridge and code-named the LC 10. It is likely to be far different from the hairy-chested, open two-seater traditional MG.

In theory, capacity might exist at nearby Cowley for a token assembly operation to keep the existing car alive, but the demands of modernising the plant and bringing on the much more important, higher volume cars such as the Honda must make such a move very unlikely.

The MGB, now 17 years old, for some time has been acknowledged as requiring substantial modernising—use of the new two-litre "O" series engine was being closely studied—and it would appear that BL has higher priorities elsewhere for the attention of its engineers, of whom it remains acutely short.

However, the Abingdon MG operation does hold a special position both within BL and among the car-buying public. Abingdon has the best productivity record of any BL plant, and has been virtually free of disputes except for stoppages dictated at national level and elsewhere within BL.

Union leaders will make full play on its good record in arguing against closure during meetings with management. There is already an outcry from MG owners who are fanatically loyal.

On Monday night, Britain's MG Owners' Club, with 11,000 members, offered to put up £½m-£¾m a year out of members' subscriptions to keep the MG in production—an offer which BL declined.

Meanwhile, in the U.S., which traditionally has accounted for 75 per cent of MG sales, dismay was being voiced amonk customers and dealers.

Taken together the pressures from the unions and the market-place might persuade BL to think again. But the prospects are hardly good. Production of the MGB is running at about 650-700 a week, and in fact U.S. sales in August, at 4,068 units, set a record.

But in the past four months the MG operation, always marginal in terms of profitability, has sunk firmly into the red as the full effects of the swift rise in sterling against the dollar have struck home.

Even a series of sharp rises has not been able to prevent the onset of losses. It appeared to be only a question of time before higher price levels started eating away at sales.

The departure of the MG models would not mean the closure of the Abingdon plant itself. Sir Michael said on Monday that Abingdon would be converted to become an extension of Cowley to enable the Cowley modernisation programme, and therefore the introduction of new models, to be accelerated.

The latest addition to the Abingdon work load, the luxury Van Den Plas 1500 version of the Allegro, which arrived at Abingdon at the start of this year and the output of which is about 25 a week, is also being moved back to Cowley.

Yesterday the Abingdon plant was almost deserted, with 80 per cent of the workforce laid off as a result of component shortages arising from the two-day strikes called by the Confederation of Shipbuilding and Engineering Unions.

But union officials were due to hold the first of a series of meeting with plant management, and appeared in no mood to take Sir Michael's plans lying down.

Mr. Eric Brind, senior convenor at the plant—two-thirds of the workforce are General and Municipal Workers' members, the remainder split evenly between the Amalgamated Engineering Union and the Transport and General Workers—strongly criticised before yesterday's meeting the lack of prior warning to the plant of the restructuring plans.

Mr. Brind said: "The way it was done was shattering. No way are we going to say "thank you very much" and just do as Sir Michael wishes."

The future of the Abingdon plant is of vital concern to not just its work force but to the town itself. Lining the banks of the Thames a dozen miles from Oxford, its population of 30,000 is provided with employment by MG, a small but growing new industrial estate and a brewery—and of these MG is much the largest.

Because of its traditional marginal profitability and its shortcomings in terms of efficient production, the plant—and the town—has lived under closure threats for at least 15 years. Even now, there are optimists at Abingdon who believe that the sword of Damocles is not at last about to drop.

Foundry decision welcomed

THE CANCELLATION of BL's plans to build a £27m aluminium foundry in Yorkshire was greeted with relief by the aluminium industry yesterday.

The Light Metal Founders Association, representing the industry, opposed the project on the grounds that demand was insufficient. Many foundries have about 25 per cent spare capacity.

BL Components, which was in charge of the project, tried unsuccessfully to attract private capital to the venture. Talks are thought to have been held with Birmid and Associated Engineering.

A £4.5m building contract for the foundry is already under way. The building will be completed, after which BL will try to lease or sell it. It could be put to other industrial uses.

Rationalisation of BL's iron founding capacity is also planned. A substantial part of West Yorkshire foundries, Leeds, is to be closed, but some facilities will be modernised.

The smaller of the two iron foundries at Beans, Tipton, is also to shut. It employs about 200.

The foundry industry, in common with other suppliers to the automotive sector, has expressed concern at the decline of UK vehicle assembly and the increase in imports.

Foundry owners have warned that up to 25,000 jobs could be lost during the next five years in the wake of the industry's rationalisation programme.

Domestic demand for iron castings is expected to continue falling at a rate of nearly 100,000 tonnes during the next five years. This is mainly because of the motor industry's problems.

All Leicestershire pits face closure threat

BY JOHN LLOYD

THE NATIONAL Coal Board plans to close all six collieries in Leicestershire and an unspecified number of pits in South Nottinghamshire in the next 10 years.

Most of the Leicestershire pits are now near exhaustion.

The closure programme is revealed in the board's submission to the public inquiry into its proposal to sink three large mines in the Vale of Belvoir, in north-east Leicestershire. They will have a combined output of 7.2m tonnes a year by the end of the 1980s.

It is expected that all of the Leicestershire mineworkers, and some of the South Nottinghamshire miners, will be found jobs in the Belvoir field. Other South Nottinghamshire men will move to expanding pits in the area.

The board warns that unless new capacity is progressively introduced, the deep-mined capacity could fall from its present level of 105m tonnes a year to 80m tonnes a year by the end of the century.

It points out that most of the UK's collieries are old — the average age is 80 years—and that in many pits extensive working is either dangerous or uneconomic.

The Belvoir proposal has attracted strong opposition from local councils and from environmental groups, many of which argue that the NCB has yet to prove the need for the coal. The inquiry will open next month.

In an effort to deflect some of the criticism from environmentalists, the board says that the proposed sites for the three Belvoir pits have been moved further south than at first intended for environmental reasons. This considerably reduces the coal which can be worked.

The board has estimated that there are some 510m tonnes of workable reserves in the field.

● The NCB is to borrow £11.7m from the European Steel and Coal Community at 1 per cent below prevailing interest rates, for four modernisation schemes.

The money will be used to sink a new shaft at Thorne Colliery, to increase output at Tilmanstone in Kent, and to improve transport at pits in Blidworth in North Nottinghamshire and Woodville opencast site in Leicestershire.

ITV may raise offer to 20%

By Gareth Griffiths, Labour Staff

THERE WERE strong indications yesterday that the 15 independent television companies are prepared to increase their offer to more than 20 per cent in return for union agreements on the introduction of new technology.

The companies want any settlement to include agreements on electronic news gathering and overmanning. Officials believe additional payments for these agreements would be in line with proposed arbitration awards on craftsmen's differentials. A figure of 4 or 5 per cent has been mentioned for both sets of payments.

Mr. Ronald Carrington, labour relations adviser to the Independent Television Companies Association said the present offer was worth about 16½ per cent.

An ITV spokesman said last night the companies were standing firm and would insist on new technology being included in any settlement. ITV regarded it as a "matter of principle" and was confident its autumn schedules would enable audiences to be regained fairly quickly.

Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, said the companies were deliberately provoking a showdown in a bid to wreck the television unions.

The ACTT would resist any attempt to weaken the unions in broadcasting, he said. Mr. Jack O'Connor, the union's national TV organiser said the companies had not talked about technology or manning until after the stations had been blacked out.

"The companies did not ask us about these proposals during national negotiations, and during last year we did not hear a murmur from them about the operation of a new technology code of practice," he said.

The Independent Broadcasting Authority will turn down a request from the ACTT to intervene. An IBA spokesman said they regretted the blackout, which has now lasted nearly five weeks, but the authority had no power to intervene.

TGWU opens campaign against Government cuts

BY PHILIP BASSETT, LABOUR STAFF

THE TRANSPORT and General Workers' Union yesterday opened a campaign against the Government's public expenditure cuts by declaring full support for any members who took action to preserve their jobs.

The campaign, by Britain's largest union, is not likely to affect its bargaining tactics in key public sector areas this winter, unless negotiators have a choice between cash benefits and lost jobs.

Members will be asked to organise campaigns at a local level, and Mr. Moss Evans, TGWU general secretary, said yesterday that the campaigns might include petitioning, marches, rallies and lobbying.

He ruled out any large-scale TGWU participation in such action as a one-day stoppage, as suggested in a motion against the Government's cuts unanimously approved last week by the TUC.

Mr. Evans said: "We will do everything within our power to prevent the cuts, and our members who decide to take action to protect their jobs will get the full support of our executive."

The union estimates that the Government's programme of reductions in public expenditure is equivalent to the loss of £2 a week for every worker. A poster and leaflet campaign points out the effect of the cuts on health, pensions, education, council and other services.

The union is also circulating 400,000 copies of the TUC's broadsheet against the Government's economic policies to its membership, which stands at 2,096,583, according to Mr. Evans yesterday.

He said the cuts were based on purely ideological grounds.

"We don't believe that the Government has been given a mandate to dismantle the welfare state."

Mr. Evans said the union was particularly concerned about cuts in education services, and especially the price increases or ending of school meals, which for some pupils were the main meal of their day, and the cutbacks in teaching staff.

The Government had also reneged on Labour's commitment to fix pensions to rises in earnings as well as prices.

"We want the Government to do a U-turn and show it has a positive obligation to look after public welfare"

Civil Service plea rejected

By Philip Bassett

LORD SOAMES, the Lord President of the Council, yesterday rejected an appeal from the Civil Service unions for the Government to shelve its plans to cut manpower costs.

The Cabinet will begin taking decisions tomorrow on cuts based on options of 10, 15 and 20 per cent reductions submitted by individual departments, though a decision on the overall programme is not expected until October.

Lord Soames, Minister with day-to-day responsibility for the Civil Service, told the unions at a meeting requested by them that they could object to the implementation of the cuts, but not to the political decisions behind them.

The industrial action agreed by most Civil Service unions, including banning extra overtime and refusing to take on extra work, was premature, he said. The unions should draw a line between action for political ends and that designed to protect members' interests.

He could not guarantee, as the unions asked, that the cuts would not mean redundancies, though in terms of costs and good industrial relations the Government would prefer to use natural wastage.

Union officials were surprised at the robustness of his refusal to drop the cuts and his anger at an overtly political booklet in which the two largest unions, the Civil and Public Services Association and the Society of Civil and Public Servants, had attacked the cuts.

Some officials said later that they had taken the line suggested last week at Blackpool by Mr. Len Murray, TUC general secretary, of trying to argue with the Government over its policies. The unions might now have to consider further action against them.

Mr. Bill Kendall, secretary-general of the staff side of the service's National Whitley Council, said that the argument based on the electoral mandate for the full effects of the proposed cuts was very thin.

State spending on roads falls by a third

By Lynton McLain

GOVERNMENT SPENDING on roads has fallen by almost a third in six years, the British Road Federation says in a review of road spending and construction published today.

Roads have been easy prey to cuts, but "if industrial performance is to grow, investment in infrastructure must equal capital spending in industry."

"Failure to give transport the necessary priority can only lead to other services and social provisions being handicapped by industry's inability to generate the revenue to pay for them." the federation says.

The Government spent £1.979m on roads in 1973/74 and is expected to spend £1.391m (at 1978 prices) in the current financial year.

"No Time to Stop the Car" for the Road Programme." British Road Federation, 388-396, Oxford Street, London W1N 9HE.

Finniston seeks new deal for engineers

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

INDUSTRY should provide aspiring engineers with better organised on-the-job training at the employer's expense, said Sir Monty Finniston, chairman of the Committee on the Engineering Profession, in London yesterday.

The 60,000-word report on the committee's inquiry will be sent to the Government next month, in the hope that it can be published before Christmas.

"We've gone overboard on academic aspects of preparing people for engineering," Sir Monty told the conference of the Association of Graduate Careers Advisory Services.

In particular, expansion of degree courses during the 1960s seemed to have deprived industry of crucial support staff, qualified at technician level.

Sir Monty said there were severe shortages of trained staff specialising in electronics, production and certain kinds of mechanical engineering. Companies could readily employ 10 per cent more than were available at present.

The committee had found that, up to the age of about 30, pay and conditions for engineers in the UK compared adequately with those in other professions and countries. After 35, promotion prospects for British engineers largely disappeared.

By contrast, their counterparts in Germany had fairly good prospects of promotion up to the age of 45 or more.

Drivers' radar warning system

A RADAR SYSTEM to warn drivers they are getting too close to cars, cyclists and even pedestrians ahead of them is being tested by Mercedes Benz engineers.

A radar beam detects a car 100 metres ahead in the same lane and a warning light and sound alerts the driver to the danger.

Deep Duffryn closure agreed

BY JOHN LLOYD

THE DEEP DUFFRYN colliery in South Wales is to shut down, with workers' agreement, probably by the end of this month.

After negotiations yesterday between Mr. Philip Weekes, the National Coal Board's director in South Wales, and leaders of the South Wales National Union of Mineworkers, both sides said they would "make every endeavour" to close the pit by September 24.

About 300 men will move to other pits in the Cynon Valley, where Deep Duffryn is situated.

A further 100 will remain in the pit on salvage work for the rest of the year, before moving to other pits.

Mineworkers' leaders threatened a national stoppage at the NUM annual conference in July in protest against the closure. But the union agreed to the move when it became clear that the new workings, to which the board had reluctantly agreed, would prove dangerous.

No further immediate closures are planned in South Wales, but it is known that the board wishes to shut at least two more pits soon. In return for agreement from the NUM, it will invest about £150m in a 1m tonne a year colliery at Margam, near Port Talbot.

The closure of Deep Duffryn, and possible future shut-downs, take place against a background of improving output in the area. A recommendation was made by a tripartite study in March that the Government should invest about £800m in the coalfield during the next five years. The report also called for the removal of £17m worth of "unproductive capacity" by 1983-84.

Cut in jobs scheme criticised

BY OUR LABOUR STAFF

THE GOVERMENT'S cut in the special temporary employment programme (STEP) when long-term unemployment is increasing has been criticised by the National Council of Social Service.

The council, which comprises a wide range of voluntary groups, said the reduction in the number of people helped annually by STEP from 30,000-35,000 to 12,000-14,000 was wasteful of resources and destructive of individuals.

Mr. Nicholas Hinton, the council's director, said several hundred societies had responded to Government requests to take part in the scheme. The cost of maintaining one man with a wife and two children on a STEP scheme was £1,600 a year against £4,590 a year on unemployment and supplementary benefit.

The voluntary societies were amazed at the decision to cut the schemes.

Tougher line urged over attacks on transport staff

BY OUR LABOUR STAFF

THE NATIONAL Union of Railwaymen is to press the Home Office for a tougher policy towards people who assault London Transport staff.

A meeting between the union and Mr. William Whitelaw, the Home Secretary, has been arranged for early next month.

About 200 trains to and from Liverpool Street station were cancelled on Monday because of a 24-hour strike over the assaults.

Mr. Sid Weighell, general secretary of the union, writing in its journal this month said it was not prepared to tolerate violence as a feature of employment.

"The growing level of staff assaults—150 needing hospital treatment this year—makes it imperative that we redouble our pressure upon London Transport to take action to install vandal-proof boxes at stations, plus other staff safety facilities and for police protection to be readily available."

The union wants a stronger line from both the police and London Transport in prosecuting people who attack staff, heavier fines by the courts and an expansion of the British Transport Police. The Metropolitan Police have been given permission to travel free on public transport, on or off duty, and in or out of uniform, to discourage attacks.

Strike at Chatham docks

By Our Labour Staff

UNION OFFICIALS expect today's strike of industrial civil servants at Chatham dockyard in Kent to severely disrupt operations.

About 50 slingers, who move equipment and supplies from dockside to ships, will strike after crane drivers at the yard failed to follow union instructions to strike from Monday.

Mr. Mick Martin, Transport and General Workers' Union public services' national secretary, said a 24-hour strike by Government industrial staff tomorrow at RAF Boscombe Down would halt base operations.

هكذا في الأصل

Uncertain advantages of Civil Service dispersal

BY PAUL TAYLOR

THE GOVERNMENT'S recent decision to scrap a major part of the programme for moving a further 25,000 civil servant jobs out of London was described by one civil service trade union leader as an "unparalleled example of economic lunacy and regional vindictiveness."

Mr. Campbell Christie, deputy general secretary of the Society of Civil and Public Servants, the only civil service union openly to support Labour's dispersal programme, said the present Government's decision was "an act of sabotage against regional policy." He said the overall loss to the economy of cancelling the bulk of the programme would be about £320m "a cost to be borne by the taxpayer in future years."

In stark contrast Lord Soames, Lord President of the Council, and Mr. Paul Channon, Civil Service Minister, said the cancellations would mean a saving in planned public expenditure of over £200m in the five years to 1983/84.

The real effects of the Government's decision probably lie somewhere between these two positions.

The two key issues in debate over dispersal have been, and will remain, the potential for improving employment prospects in the dispersal area and the costs or savings attributable to the programme.

However neither of these two issues are as clear cut as they might first appear. Although employment prospects in an Assisted Area may be improved by dispersal the effects on the unemployment statistics may be less significant.

In evaluating the costs or potential savings accruing from dispersal it is necessary to distinguish between "Exchequer effects — those relating to the pattern of Government spending — and resource effects — those costs or savings representing a loss or gain to the nation as a whole.

The problem of identifying the economic effects of dispersal were highlighted by Sir Henry Hardman, a former senior civil servant, whose report on dispersal published in February, 1973 formed in part the basis of the Labour Government's programme to move 30,000 civil service jobs out of London between 1976 and 1988.

Sir Henry commented that while it was to the resource effects that most attention should be paid "there are common misconceptions." The present Government's decision to scale down dispersal plans from a further 25,000 jobs to between 5,000 and 7,000 was a decision which addressed itself to some, if not all, of these "misconceptions." Sir Henry, who was charged with the task of reviewing prospects for dispersal, paying particular attention to the efficiency of Government operations and the needs of regional policy, outlined three alternative programmes.

In the "efficient" solution Sir Henry suggested a programme that would both maximise resource gain and minimise damage to civil service communications. The "regional" solution, as its name implied, concentrated on moving jobs to the assisted areas thus satisfying the second of two major ministerial considerations, the needs of regional policy.

Sir Henry warned that the damage to communications posed by the regional solution was "notable" and said he could not therefore recommend it. Nevertheless it was to be this regional solution which formed the basis of the dispersal programme adopted by the Labour Government in 1974 —concentrating the relocation of nearly 90 per cent of 30,000 civil service jobs in the assisted areas.

The "recommended" dispersal programme—basically a compromise between the efficient and regional solutions—favoured by Sir Henry was therefore effectively buried.

About 5,000 civil service jobs had already been relocated under the Labour programme, primarily from London to the assisted areas including Merseyside, Glasgow and Cardiff, when the Conservative Government came into office and ordered a full review of dispersal.

The Government's decision was announced in July. With two specific exceptions, designed to assist employment prospects in Glasgow and East Kilbride, the Government adopted a policy of stopping all dispersal except where a departmental move was already part complete or where buildings were nearing completion.

Lord Soames, announcing the decision, said: "Whilst I recognise that in the Assisted Areas dispersal has been viewed as an important element in improving employment opportunities, nevertheless some of the important considerations which led to the setting up of the Hardman study no longer apply."

Sir Henry Hardman

He argued that since the Government intends to reduce the size of the Civil Service there was no longer any reason to provide more offices at high London rents and also that the gap between office rates in London and the provinces has substantially narrowed thus reducing the financial benefits of moving civil servants out of the capital.

On the manpower question the Government is still considering the results of a review examining a range of target manpower cost reductions which could lead to a reduction of up to 150,000 civil service jobs.

In fact Sir Henry suggested, and experience has subsequently confirmed, that dispersal itself can lead to a marginal increase in manpower requirements.

For every 1,000 transferred jobs an extra 60 posts are created temporarily—mainly to supervise the move—but in the longer term an additional 30 permanent posts may be necessary primarily to liaise with London.

On the grounds of manpower numbers there is therefore a case against dispersal. The differential between London office rents and those elsewhere is a crucial element in determining both the resource gain and Exchequer savings attributable to dispersal.

In 1971 the average square foot of letting space in central London offices occupied by the Government was worth between £5 and £7. Equally well placed sites in provincial towns and cities were worth about £1 a square foot.

While it is difficult to make direct comparisons with office rents today the Location of Offices Bureau confirms that there has been some narrowing of the gap between London office rents and those elsewhere during the past eight years.

Rents in the City now range between £8.75 and £25 a square foot while rents in London's West End are around £15 and £16 a square foot.

In Liverpool, Newcastle, Cardiff and Glasgow a square foot of office space costs between £2.25 and £4.50. In very broad terms therefore office rents in London are now between about four and five and a half times higher than in the main dispersal areas. In authorising the move of 1,400 Ministry of Defence jobs to Glasgow (scaled down from a planned 5,000 jobs) and 650 civil service jobs in the Overseas Development Administration to East Kilbride the Government has paid lip service to the employment argument for dispersal.

Although in financial terms the impact of dispersal on employment prospects is dwarfed by consideration of office costs the employment factor in dispersal is perhaps one of the most emotive.

However it is far from clear that dispersal confers all the claimed benefits on employment prospects for the receiving area. About half the jobs created in a new location are filled by staff moving with the post so the immediate number of new jobs created in a dispersal receiving area represents only about 50 per cent of the total.

In addition since the unemployed do not form a homogeneous group capable of filling any vacancy the main effect of dispersal can be to attract workers away from other jobs in the area.

Since many of these posts which do become available as a result of dispersal are attractive to women workers, dispersal also tends to tap the "hidden female labour reserve" — employing women who are not registered as unemployed.

These factors led Sir Henry to conclude that a dispersal programme was "unlikely to have any substantial effects on unemployment."

Indeed one aspect not covered by the Hardman report suggests that dispersal could in certain circumstances actually lead to an increase in unemployment in the longer term. This is because although perhaps a majority of those civil servants who move "with the job" will be single, those that move with a family take with them potential job seekers.

Turning to the economic arguments in favour of dispersal, it has been claimed that dispersal confers substantial advantages in terms of Exchequer savings and the creation of both new employment opportunities and a multiplier effect in the receiving location.

These gains if any have to be offset against damage to civil service efficiency and extra communication costs. The resource gains are broadly generated by bringing into employment people in an area of unemployment who would otherwise have been unemployed while as a result of their higher taxpaying ability and lower entitlement to supplementary benefits there is an Exchequer gain.

These two elements cannot however be added together since it is the value of any new net output which represents the gain to the nation as a whole while the Exchequer effects are relevant mainly to the distribution of income and not its total size.

Among the factors affecting the size of the resource gain, differential office costs form the major item although there will be some savings on staff cost because of the London weighting allowance, recently increased to £780 a year in inner London and £325 in outer London. In his report Sir Henry dismissed suggestions that the multiplier effect could play a major part in the overall benefits of dispersal because he argued that since it was the net gain to the whole nation which was being measured the Government could only take credit for the local value added which had the effect of using otherwise unused resources, or resources that are cheaper than in London. Taking all the factors into account the resource gain to the nation of the Labour dispersal programme was estimated at about £165m at current prices.

Sir Henry concluded that the resource gain "great though it is" did not provide an overwhelming argument in favour of dispersal. In the Exchequer cash flow argument it is again the cost of accommodation which forms the major item.

The initial costs of providing office accommodation represent a major initial expenditure item. However by 1988/89 savings were expected to outweigh extra costs and by 1991/92 net savings of about £20m a year at 1977 prices were expected. The net cost to the Exchequer of carrying out the balance of the Labour dispersal programme would have been £250m up to 1983/84 although there would have been estimated savings of £40m a year, at current prices, when the programme had been fully implemented.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Transmitter-receiver unit

THE ELECTRONICS kernel of all microwave movement detection devices, the "radar" transmitter-receiver unit, is offered in compact form by Microwave Associates, Dunstable LU5 4SX, Beds. (0582 601441).

This low cost Doppler transceiver consists of a fixed tuned continuous wave source and diode mixer assembled into a waveguide package measuring only 42 x 42 x 50 mm. In operation the unit delivers an audio output whenever a radio reflective object moves towards or away from the aerial. In effect, the microwaves are compressed or stretched by the movement so that on arrival at the receiver they have a frequency difference that can be detected.

Although of low cost, the unit is built to professional engineering standards and conforms with regulations covering microwave devices in the UK and all European countries.

Power output is 5 to 10 mW and the frequency stability better than 40 parts per million per deg C. An 8.5 volt power supply is needed from which 150 mA is taken.

Bubble memory systems

PLESSEY HAS followed up the announcement of its bubble memory devices—it is at the moment the only company in Europe making them—with news of complete systems.

PBM 80S for example is a Multibus-compatible 0.5 megabit board made up from 64 kilobit devices. The unit offers a 100 k byte per second data rate when operated as a programme loader or backing store and is more reliable than moving memories.

Expansion up to 2M bytes is available with the PBM 80M. An average access time of seven milliseconds gives this unit a substantial speed advantage over disc and tape when interfaced with the Multibus via the PBM 80 MC controller card. Up to eight of these cards can be bussed from one controller giving a cost effective, high reliability memory for use in terminals, portable data capture systems and telecommunication computers.

Other versions are available for severe environment and military uses.

More from Plessey Microsystems, Water Lane, Towcester, Northants., NN 12 7NJ (0327 50312).

● TEXTILES

First British rapier loom

FIRST British-built rigid rapier loom to be introduced is by one of the oldest British loom builders: British Northrop Sales (Blackburn BB1 5JU. Tel. 0254 55255). A major feature of this rigid rapier weaving machine is its unique weft transfer system. The rapiers advance across the shed of the loom and "kiss" in the centre. At this point the weft yarn is transferred from one to the other. The latter then withdraws, taking the yarn with it.

The system, claims Northrop, is suited to a wide range of fabrics, both filament and spun.

The rapiers are made from carbon fibre reinforcement and titanium, while the grippers on the end of them are electrically controlled. There are mechanically controlled grippers at the selvedges of the loom which is being built in reed spaces from 160 to 350 cm.

Eight-colour weft selection facility offers patterning potential in either single or multi picks, while the cloths that can be woven may have either centre and side tuck-in selvedges, or be woven with a fringe, depending upon the acceptability of the fabric.

Intermittent worm take-up of the cloth has been built into the loom which also has a slow speed reverse and forward motion.

● COMMUNICATIONS

Making a change of direction

A DISCERNIBLE change of direction in product policy is taking place at Standard Telephones and Cables where a number of items, including retail terminals and pocket pagers, are to be revealed at Telecom 79, Geneva, September 20 to 26.

Since the late 1960s, when STC moved out of areas such as ground and airborne navigational aids, radio transmitters and mobile radio, the company has concentrated mainly on national and international telephone network equipment, essentially exchanges and transmission equipment.

The new move is to be seen on the light of STC's recent sale of shares to the public and the realisation that the wealth of equipment that will be directly connected to phone lines in the coming years—and not necessarily supplied to the general public by the PTTs—is a market that the company must exploit as soon as possible.

One of the new products is described in the promotional literature as "a charge authorisation system for the 1980s" and is indeed somewhat ahead of itself since it nudges into the realms of electronic funds transfer—EFT.

This is a subject about which a great deal still has to be decided, and of which the public in the U.S., let alone the UK, still has very little experience.

As far as retailing is concerned it simply means that instead of offering cash or a cheque the customer slides his card along a slot in the top of the terminal which is connected over the telephone network to his bank. The card tells the terminal the name of the bank or credit card company, the name of the account, account number, and the retailer's branch details. The terminal draws the correct phone number from store and dials it. The sales assistant keys in the transaction amount which the customer can see on a large display. After sending the customer's details back to the terminal for him to check on the display, the computer will then debit his bank account if sufficient funds are available. A printed record can be provided on the spot if needed.

Apart from obtaining a favourable public reaction to EFT—and the response in the U.S. has not been too good—there will be the question of who will pay for the terminals and circuits, banks or retailers?

Another entry being made by STC is into radio paging with a compact 60 gram device that will alert the user to take one of four different actions according to the tone pattern heard. The caller dials one of four telephone numbers into the network causing the appropriate radio signal to be sent.

If the user of the pager wishes not to be disturbed he operates a switch that puts any subsequent calls into a memory, to be read out later on.

The system operates at 150 MHz and works digitally, at a data rate of 512 bits/sec. The address coding used gives a total address capacity of 8m. These are allocated as four addresses to each of 2m unique receivers, with a calling rate of over 15 calls/sec.

It is understood that these are only the first of a number of products of this kind that STC will be launching. Likely to cause a flurry in a relatively undisturbed market will be a telephone answering machine.

More from 190 Strand, London, WC2R 1DU (01-836 8055).

Citizens' band radio problems

IN VIEW of the interest being taken in the prospects for setting up citizens' band radio in the UK, Pye, as a leading telecoms company and part of Philips (which might make such equipment) has given its views on the frequency to be used and has come out in favour of allocating uhf channels.

It is not yet evident who would take the major interest in manufacture—whether it would be the established mobile radio makers (Pye Telecommunications has no plans) or whether the consumer radio industry, such as it is, would take on the task. Far Eastern sources seem the most likely to supply.

When Parliament reassembles further attention will probably be given to the problem: a solution is needed, if only to stop the influx of transmitter/receivers operating at 27 MHz, a band already allocated to radio controlled model aircraft operation. There have already been some control problems believed due to illegal CB radios.

There are some 72,000 model control licences in force in the U.K., nearly all for 27 MHz, and the growing danger is that if a large enough number of illegal CB units get into the country a sufficiently vociferous lobby might arise (it is already quite strong) calling for a frequency change.

However, in its statement Pye restricts itself to technical arguments which strongly indicate that CB should, if it is to be allowed at all, make use of uhf.

Such frequencies are more suitable for the high population density of the UK and the use of narrow deviation frequency modulation at uhf allows more users in less spectrum due to the increased multiple use of channels by the suppression of weaker signals, the "capture effect."

Furthermore, uhf does not propagate to longer distances by skip effect, giving in effect, channel congestion, has predictable range and channel reusability, and offers high quality reception.

● SAFETY

Infra-red safety curtain

AMONG A number of products recently introduced by Erwin Sick Optic Electronic, UK subsidiary of the Munich company, is an infra-red light safety curtain able to detect the passage of any object through a rectangular area measuring up to 14 by 1.4 metres.

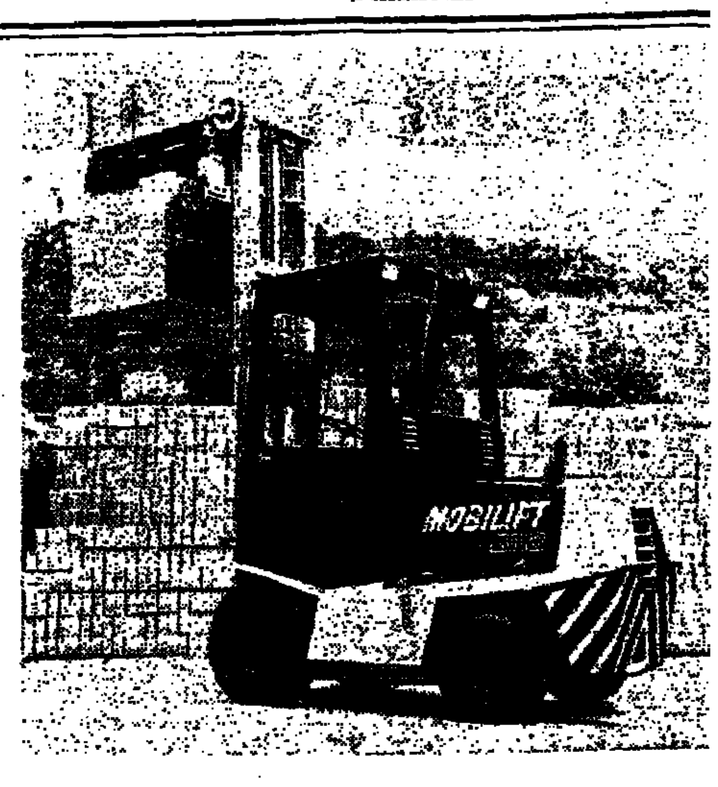
Operation is based on the well established Sick scanning system in which a beam of light scans so that it is always at right angles to one side of the rectangular area to be protected, moving so quickly as to form in effect a sheet of light which if interrupted sounds an alarm.

Light from a diode is formed into a beam by a lens system and then strikes the multi-faceted mirror edge of a rotating disc which causes it to be repeatedly swept through an angle. This angular scan is directed at a parabolic mirror, causing each scan to be projected normal to the line of the transmitter.

At the other edge of the protected rectangle, which can be up to 14 metres away, a reflector is placed to direct the beam back into the transmitter. It consists of a line of "cat's eye" reflectors rather than a plain mirror, obviating the need for accurate alignment at 90 degrees to the beam.

Areas of application for the LVU are presses and stamping machinery or wherever a dangerous closing movement occurs.

More from the company at Lyon Way, Hatfield Road, St. Albans, Herts (St. Albans 31121).



◀ This, the latest mechanical handling unit to be put on the market by Welding Industries of Bristol, has been designed to pick up and stack building blocks. The truck will form the blocks into "cubes" as it moves along, picking up two rows at a time, rotating them and placing more rows on top until the grab is loaded with 72 blocks. It will stack "cubes" of blocks up to four high.

● DATA PROCESSING

Plotting at high speed

WITH THE introduction of a new intelligent graphics drum plotter capable of running at 20 cm/sec, Computer Instrumentation (CIL), of Chandler's Ford, has met a significant demand from the plotter market.

First plotter to have 0.025mm resolution at the above speed, the device also has CIL's 16-bit TMS 9900 micro-processor-based intelligence.

An important development by CIL is the new style, very low noise, three pen carriage. This unit can handle liquid ink pens, ball Pentel pens, and ball point types, thus ensuring flexibility and the ability to plot in several colours and at several line thicknesses.

Other advantages are dual paper width handling capability at 34 cm and 92 cm to cover both A4 and A0 requirements, a paper collection facility allowing continuous plotting and a range of interfaces allowing on-line, remote interactive and off-line plotting.

CIL, Chandler's Ford, Eastleigh, Hampshire (04215 66321).

Versatile printer

AIMED AT business and personal computing systems using microprocessors is the model 730 dot matrix printer from Centronics which is expected to sell in the U.K. for £600.

Of particular interest to business users is the ability of the machine to handle cut sheet (original and two copies), nine-inch fanfold or 8.5-inch roll paper—on the one machine.

Versions have been designed for Europe, Japan and the U.S. and the European model provides for up to six character sets in one machine (English, French, German, Italian, Swedish/Finnish and USA ASCII).

The 730 weighs less than 10 lb and offers upper and lower case character sets, an 80-column line length at 10 characters per inch, unidirectional printing speed of 50 characters/sec, high speed carriage return, full line buffer, a precision tear bar for paper economy and a Mobius loop ribbon for long life.

More from Petersham House, Harrington Road, London SW7 3HA (01-581 1011).

Tiny tape reader

AEG-TELEFUNKEN claims to be making the smallest available punched-paper tape reader, measuring only 100 x 50 x 20 mm and weighing 20 grams.

Using photoelectric techniques with few moving parts, the reader can deal with five or eight-bit codes and the data is made available in parallel form on a character-by-character basis. The tape is introduced into a guide shaft and is pulled through the reader by hand at a speed which may vary from 1 mm to 5 metres/sec, maximum reading speed of 2,000 characters per sec. Data appears on a 16-pin connector at the rear of the unit.

Operation is from any voltage between 4.5 and 12: at five volts consumption is about 160 mA.

More from the company at Theodor-Stern-Kai 1, D-6000 Frankfurt 70.

● POLLUTION

Produces no smoke

WASTE including rubber, plastics and solvents can be disposed of efficiently and without risk of smoke or smell emission, says the supplier of the Chuwa incinerator just introduced into the UK.

Available from Hiltcroft Holdings of 40 Washway Road, Sale, Cheshire (0565 3504), the incinerator is an electrically-powered unit designed to operate on the water-colled/forced air supply principle. With this system, it is claimed, there is no need for prior selection of waste for incineration; even waste oil and waste solvents may be disposed of along with other refuse.

Air is supplied to the incinerator by high-pressure turbo fan and the air supply nozzles are strategically positioned within the furnace to provide complete combustion without smoke. The forced air supply is pre-heated by a water jacket system prior to entering the furnace area, thereby ensuring a high degree of combustion efficiency.

Hot water produced by the incineration process may be subsequently utilised for boiler or environmental heating purposes.

The incinerator is offered in seven sizes with furnace volumes ranging from 0.43 to 3.71 cubic metres.

FINANCIAL TIMES SURVEY
Wednesday September 12 1979

British Tourism

When the British Travel Association was formed in 1929 only 660,000 foreigners visited Britain each year. Today London has become the the biggest single tourist destination in the world, and foreign visitors spend around £3bn a year in the UK. But the current strength of sterling and the rising cost of transport mean the industry will have to fight hard for custom during the next few years.

Cautious view of the future

By Arthur Sandles

THE BRITISH have never really accepted their homeland as a tourist destination. With our strange mixture of pride and self-deprecation we love our mountains and lakes, thatched cottages and granite castles, and are even enjoying a gastronomic revival, but underneath we wonder why anyone should pay money to sample it all. Thus the annual wave of visitors comes as something of a surprise.

Asked to name the biggest resort destination in the world most Britons would name anywhere from Marbella to Miami without realising that the correct answer is London, which has more visitors a year than it has inhabitants and vastly more than any of its rivals. At any one summer moment there are more tourists in the shops of the West End than there are on the beaches of Monaco or Acapulco.

The impact of the growth of tourism to the UK has been dramatic in various fields of our personal and the nation's economic life. The Briton who cannot find a parking space in his town square also enjoys theatres and restaurants which could not survive without the annual wave of millions of visitors.

It looks as if 1979 will prove to be a landmark year for British tourism in all manner of ways. That the UK should be in a period of reassessment of its tourism policy at a time of changed circumstances is a fact which coincides with the 50th anniversary of the formation of the British Travel Association, the tenth anniversary of the creation of the regional tourist boards and the transformation of the BTA into the British Tourist Authority.

Today, tourism is arguably the biggest single item in our invisible exports and a major employer. After two decades of spectacular growth, however, the international marketing environment has changed as far as Britain is concerned. The UK has a currency which has recently been out-performing those of its customer countries and its own economic circumstances suggest that Government aid for various aspects of tourism marketing will be on a lower level in the future.

However, the UK has a tourism industry today which is markedly better-equipped to deal with these changed circumstances than it might have been earlier in its life. Indeed it might be accurate to suggest that tourism was only really taken seriously by government in the late 1960s—there were one or two notable Ministerial exceptions to that blanket view —and that the industry itself suffered from a Cinderalla-style inferiority complex.

Today any trace of Cinderella seems to have disappeared. Last year foreigners spent more than £3bn within the UK and on British carriers, and the domestic market is similarly huge. Tourists are such a significant factor in our economy that London Transport fares would probably have to rise by 15p in the pound if the tourists stopped coming, and certainly many a theatre and restaurant would have to close its doors.

That this giant should have emerged from small beginnings could hardly have been foreseen when the Travel Association of Great Britain and Ireland was set up in 1929 with a Conservative Government promising £5,000 a year. Lord Derby was president and there were 242 members. A year later the Prince of Wales became patron; he used words which have been echoed many times since and in many industries:

"He who whispers down a well
About the goods he has to sell,
Will never reap the golden dollars
Like he who climbs a tree and hollers!"

In those early years, however, the hollering was in the teeth of economic problems of gale force on both sides of the Atlantic. The setting up of the travel association to sell Britain as a travel destination coincided with a sharp decline in such business, from 660,000 in 1929 to 475,000 in 1932. A similar drop today, of say between 3m and 4m off the visitor totals would be catastrophic.

The huge growth years for tourism came in the 1950s and 1960s, a period in which the numbers went up tenfold and foreign tourism started to impinge on the everyday life of the British.

With visits to the UK now having topped 12.6m, all the figures surrounding tourism have become bafflingly large. Some 58 per cent of hotel bed occupancy in London hotels is by visitors from abroad. Last year Britain earned more from tourism than it did from North Sea oil. On the domestic scene some 61 per cent of Britons took a holiday, most of them in their own country. Of these holidays 61 per cent were taken in England, 10 per cent in Wales and 9 per cent in Scotland. The West Country remains the most popular destination for the British themselves, while London attracts the most foreigners.

Each year British consumers spend more on tourism than they do on cars or tobacco and about two-thirds of what they spend on clothing.

It was a realisation of the size that this giant was likely to reach that led to the Development of Tourism Act in 1969. In that year the number of foreign visitors rose by 26 per cent to around 5m and the strains on accommodation and services were beginning to show. Visits from the U.S. actually rose by 35 per cent and Britain became the most popular European destination for American residents. Expenditure by foreigners, including payments to British carriers, was £475m.

The development of Tourism Act reorganised the tourism structure of the country and pumped large amounts into hotel building. However, when Sir Alexander Glen, the man who was to be chairman of the new BTA until 1977, talked of 10m visitors by the mid-1970s it was a suggestion which was greeted with amusement rather than belief.

In those days, however, he was able to say in his first annual report that "Britain today is a cheap country for the overseas visitor, a country of infinite interest, easy and delightful to explore." The hardening of sterling has changed the basis of some of that argument. In those days too, aviation fuel was cheap and the Atlantic was just about to see the full impact of the jumbo jets.

When Sir Henry Marking, now chairman of the Authority, presents his annual report in a couple of weeks time he is likely to take a much more cautious view of prospects. The BTA's forward plan published recently shows some of the current thinking. "While international travel and tourism continues to be the world's fastest growing industry, a slowing of world economic growth, coupled with increased competition from other lands means that Britain is unlikely to witness in the next few years the dramatic increases in tourist arrivals and earnings of the past decade," says the BTA.

ESTIMATED BREAKDOWN OF EXPENDITURE BY OVERSEAS VISITORS IN 1978

	£m
Accommodation	800
Eating and drinking out	460
Entertainment and recreation	160
Shopping and other expenditure	832
Internal transport	250
Fares paid to British air and shipping lines on travel to and from Britain	687
	3,189

Although there is some argument over tourism's role as an employer it does seem that between 1m and 1.5m owe much of their income to it in some form. It is hardly surprising therefore that in many parts of the travel industry there are voices being raised which suggest that if the Government over-reacts in its cost-cutting campaign there could be a danger of making life difficult for a goose which is laying some very golden eggs.

Meanwhile the British themselves are beginning to adjust to their unaccustomed role as hosts in a tourist nation. It might take a long while before the people of Ayrshire entirely accept being asked the way by motorists with broken French accents, or London commuters smile at sharing their Piccadilly Line trains with back-packing hordes from California, but we are well on the way.

Spending cuts worry the tourist boards

A NASTY little spanner has been thrown into the British tourism works in recent months. The delicate balance of power and responsibility is being disturbed by the realisation that the Government is serious about spending cuts and that even patently successful areas such as tourism are not going to escape.

In the immediate sense this means that the Statutory organisations covering tourism are now deep in an examination of their activities and their relationships with each other and the commercial bodies with whom they deal. Questions of overlapping roles are already beginning to sour friendships as complementary bodies begin to see themselves as rivals in the battle to benefit from the public purse.

Domestically tourism in the UK is in the hands of national tourist boards — English, Scottish, Welsh and Northern Ireland — and then further divided into regional organisations. The twelve English regions had a total income of around £2.8m in the last financial year, with just under a third of that coming from a central grant from the largely government-financed English Tourist Board, a little less coming from local authorities and a little more from sales to the public. The position is proportionately similar in Scotland's ten regions and the three in Wales.

It is the task of these various boards to look after tourism domestically. They do this in an overt way through publications and a variety of information services and to an increasing extent by providing research and other professional services to local authorities and commercial interests. An important, but apparently threatened, field of activity is the encouragement with grants of tourism projects.

The British Tourist Authority was created as a body of equal status to the national tourist boards charged with the task of promoting travel to Britain from overseas and also for the development of tourism and tourist facilities throughout the UK. Its last annual budget was £12.7m, a slight reduction on the previous year.

Within the industry itself there seems little doubt that the regional boards are viewed with some favour. Even though a further reduction of their activities is on the cards, any major pruning would be likely to provoke considerable irritation. It is the national boards and the BTA itself who are most exposed to major changes.

In looking at the form which any change might take, it is pleasant to see that for once any assessment is made against a background of success. The BTA, for example, is one of the most highly regarded tourist promotional agencies in the world. Domestically the national boards have been remarkably successful in coordinating tourist information systems and promoting facilities for visitors. Tourists in Britain, be they domestic travellers or foreign visitors, are better supplied with information than in most other destinations.

There seems little doubt that what Government would like to see is a much greater involvement on the part of the industry itself in promotional and information activities. In theory this is an obvious and desirable approach. In practice, however, the very nature of tourism makes such a move difficult. To a very large extent much of tourism is based on cottage industries. Family-run hotels, one-man specialist museums and one-woman craft shops do not immediately lend themselves to joint-effort promotional exercises on, say, the West Coast of the U.S. And yet it is these very projects which contain so much of the appeal of Britain.

At the moment the BTA does invaluable work in co-ordinating such efforts abroad, and the national tourist boards have been remarkably successful in encouraging a sense of togetherness in domestic marketing.

One BTA activity illustrates this point. At frequent intervals the Authority runs travel workshops in foreign cities. Tourism suppliers — hotels, coach companies, domestic tour operators and the like — take part in their own BTA-sponsored package tour to the chosen city. The BTA will rent a local conference hall and do all the ground work in inviting along tour operators. For an investment probably less than the air fare the British suppliers are able to meet people they would otherwise never hope to meet.

What is likely to cause the greatest upset in the industry is if there were any suggestion that some part of the present structure should go altogether. To kill off the BTA and put its overseas marketing arm into the hands of the present domestic boards would almost certainly produce a system dominated by the giant English Tourist Board and lead to inevitable wrangles over shares of the marketing cake. However, to kill off the national boards and hand their roles over to the BTA would produce a central beaurocracy probably with insufficient local identity.

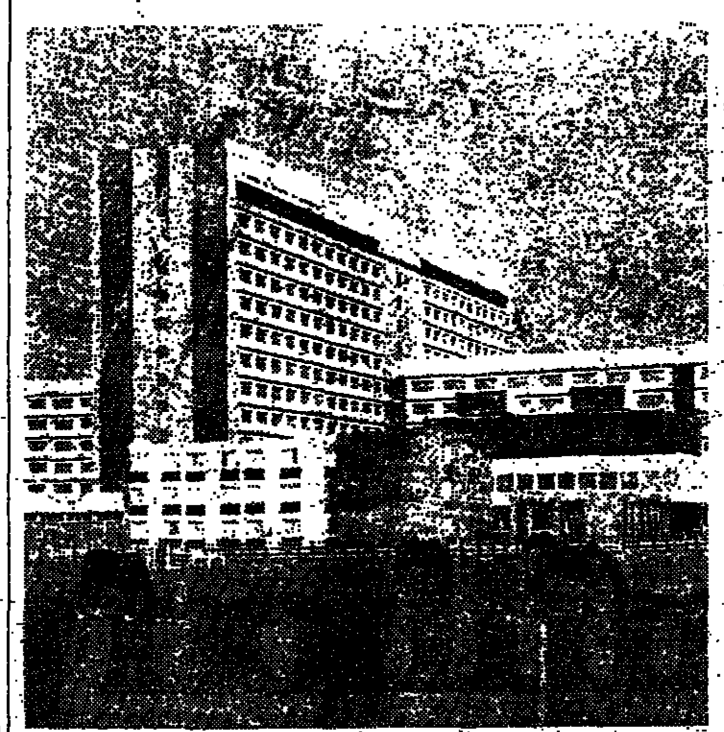
Certainly at the moment Britain enjoys a far more sophisticated tourist promotion and co-ordination system than most of its rival destinations, and its funding has been something of envy from many other countries.

But bringing the system into line with new government thinking about costs while at the same time preserving those aspects of its activity which have proved so successful is going to be no easy task. What will almost certainly happen is that the supply of free maps, guides, brochures and other goodies from tourist board outlets will start to dry up unless the trade itself is prepared to make a much greater contribution to their preparation.

Changing roles can be a tricky task. France's foreign marketing is bedevilled from time to time by regional political rivalries at home while the U.S. itself, its own foreign marketing budget currently under the axe, now finds that promotion which pushes what suppliers want to push rather than the market in total can have disadvantages.

None of the tourism agencies expect to end the next couple of years in quite such a rosy state as they are at the moment, but all are going through a major period of nail-biting.

Arthur Sandles



The Post House Hotel, Heathrow: part of the rush of hotel rooms in the 1970s

Too many beds or too few?

ONE OF THE MORE remarkable aspects of the development of tourism within the UK over the past few years is the way in which bed space has been found for the vastly increased numbers of visitors.

A decade ago it seemed reasonable to laugh at the prospect of 10m visitors a year, simply on the basis that there were not enough hotels around to handle such large numbers.

Well, the target was reached and passed, and the hotel rooms were found. Indeed, they were found in such abundance that for a short period at least there was a surfeit of accommodation in some sectors of the market—a surfeit that placed a financial strain on some operators. For the moment, however, we are once again entering a period when shortage is said to be the order of the day. There is an ample supply of voices to say that the time has come again for some sort of Government stimulant to be applied to hotel building in some areas.

Even the mention of the words "shortage of beds" will cause a throwing up of hands by some hoteliers, however. In many resort towns it is long-stay visitors who have been in short supply in this past summer. But this simply serves to demonstrate that the travel industry is a complexity of moving cross-currents. For the moment the apparent budget-consciousness of travellers has placed pressure on the supply of mid- to low-priced accommodation of a high standard in central areas. It is higher-priced facilities off the main tourist runs which have suffered most.

Unfortunately the hotel business is not by its nature flexible. A 200-room property cannot be moved around to wherever the tourists happen to fancy that particular year. It is partly for that reason that investment sources have tended to be wary of the hotel industry and to require some sort of added incentive or guarantee before taking the plunge.

Generally that security comes in the form of track record. The THFs, Grand Mets, Hiltons and Holiday Inns of this world grow not only because of their popularity with customers, but also because investors and local authorities reckon that here are people who understand the vagaries of the trade, even if they don't.

The problem for the moment in any adaptation to new trends within Britain is cost. For a variety of reasons, not least the high cost of land, hotel building in Britain is expensive by international standards. Our planning, building and fire regulations are all costly desirables. It is extremely difficult to produce a hotel of reasonable standard from a green field site for less than £15,000 a room. In London that figure might be doubled and, for a luxury property, probably trebled.

In the hotel building boom of the early 1970s Sir Charles Forte was able to complete some of his Post Houses for nearer £7,500 a room and some high standard London properties were coming in at around £20,000.

The surge in building petered out when projects started to nudge the £40,000 mark. At that sort of price a hotelier wants a prime location, not the sort of suburban wasteland that many of them were, and are, being offered.

To that must be added the fact that money is expensive at the moment and any investor would be keen to see a relatively rapid return on his investment. It is for that reason that most interest in the hotel business is being focussed on the purchase of existing properties rather than the building of new ones. At least half-a-dozen major British and American companies are actively looking for properties, preferably ones that have been building during the past seven years. Few expect to carry out spectacular coups in the style of Sir Charles Forte when he snatched the J. Lyons hotels away from an unsuspecting market when the Lyons group was cash hungry. There are plenty of people waiting at the EMI door for signs that a similar disposal might come from that organisation.

The past three or four years have been extremely useful to the British hotel industry in that they have been years of relative success after a very lean period indeed. The rush of hotel rooms which came in the 1970s might have been very good for the overall tourist trade but they were lean times for hotel profitability. Recently many hoteliers have been able not only to increase their tariffs, but also to ensure that sales, even group sales, have been at prices much nearer the published rates than was the case in the past. Many of the tour operator contracts in the mid-1970s were at enormous discounts.

Groups such as Grand Met and THF have switched their emphasis much more heavily to individual travellers as far as possible, sensing a change in the market and also hoping for much better margins.

As far as the past twelve months have been concerned, however, this would seem to have been a luxury that has been confined to those areas which have a high foreign traffic. The traditional resort hotels and many provincial city properties have had a bad time. Hoteliers in Brighton, for example, reckon to have had a very nasty summer indeed and generally it seems that last year's decline in business and convention traffic has continued into 1979.

But buoyancy has been seen in the self catering and holiday camp end of the market as holidaymakers try to keep some control over their costs.

The whole season got off to a bad start, of course, with the fuel crisis. Coming at a time when final holiday decisions were being made it coincided with bad weather and worries about the economy. Nonetheless the domestic market for holidays is not a growth area overall anymore. It has been pretty static for the past few years, any changes which have taken place have been in the type of holiday rather than the overall market.

In reaction to this change, and also to fire regulations, many smaller hotels have withdrawn from the market, and have turned themselves into holiday-let apartment blocks, or have gone the whole hog and converted to full-scale flats for sale as private property.

Thus the mood of the hotel industry at the moment is one of considerable confusion. On the one hand there is a patent demand for many types of accommodation in some areas, and particularly mid-range hotels in London, on the other there are resort and provincial town hotels praying for a change in the market environment.

In its dreams the hotel industry would probably like to see a buoyant domestic economy, a decline in the value of sterling and a fall in interest rates. What it is likely to seek from Government is much greater attention paid to hotel investment and comparisons with industrial investment, and some sort of differential VAT rate which would favour hotels and catering. What it is likely to get remains to be seen.

A.S.

BRITISH TOURISM III

A confusion of image

AMERICANS VISITING the UK for the first time might be forgiven for expecting Robert Morley to be waiting for them in the arrivals hall, grinning broadly and offering tea and crumpets to voyagers tired after their overnight flight. The ample appeal of Mr. Morley has for some time been a major part of the marketing campaign by British Airways in North America. "Come Home, All is Forgiven," was the somewhat cheeky theme of the American bicentennial year promotion. The Morley jowls peer out at potential customers from television sets and magazine pages. That British customs officials do not look like Robert Morley, and that they certainly won't offer tea and crumpets, must be something of a disappointment.

The image of Britain abroad is something of a confused one. While newspaper headlines scream of the latest problems facing the sick man of Europe, visitors are persistently attracted by thoughts of culture, history and a basically attractive way of life. Travellers appear to expect strikes, but they also expect a land in which a typical view is of Stonehenge and Edinburgh Castle linked by Tower Bridge.

As far as the tourist is concerned there are three main forces in the formation of his image—the news media, commercial interests in the form of airlines, travel agencies and the like, and the British Tourist Authority. Bad weather, a rash of industrial disputes, rising prices and a hardening currency all helped to knock some of the sparkle from the picture in the early part of last year, making the work of the salesmen something of an uphill task.

Surprise

The British Tourist Authority has around 400 full-time staff, many of them based in its 23 overseas offices abroad. These offices are not only concerned with the provision of material to passing enquirers, and the buying of advertising space. An if anything more important aspect of the work is oiling the wheels of the commercial contact between customers, perhaps local tour operators and suppliers in the form of UK hoteliers and transport operators.

It may come as a surprise to many of the British themselves that high on the list of satisfactions about the UK is the fact that tourists get a friendly reception. Britain has a remarkably high level of repeat business and recommendation traffic. This contrasts, for example, with the Soviet Union, which has a high "must see it" appeal but in its few years as a tourist destination has failed to build up the sort of brand loyalty of year-after-year visitors which is essential for any country that intends to take tourism seriously.

The fact that Britain has been able to maintain its reputation for niceness in spite of industrial troubles and inflation seems to suggest that the state corporate and the tourist image are two entirely separate things. Tourists are only put off by a nation's behaviour when it starts to impinge on their own activities. Thus strikes are not material unless they are customs officers strikes, rain is not important so long as it falls in the winter, high prices are not important unless they are combined with low values for the dollar, the yet or the Deutsche Mark.

Tourists are generally not interested in a nation's politics—they went to Greece under the Colonels and Spain under Franco—but they are interested in their own safety. The Paris riots cleared France of tourists and the Ulster troubles have played havoc with the Irish holiday business.

Pageant

When abroad it has always struck me what a strong emphasis we seem to place on pageant in British marketing. Guards regiments feature strongly in many a promotional campaign, and it is difficult to talk of Scotland without a uniformed piper looming through the mists. Promotion tends to be urban rather than rural, in the sense that it emphasises buildings, be they cathedrals, castles, palaces or Anne Hathaway's cottage. Whether this is chicken or egg is a matter for argument, but of the 12m-plus visitors who came to Britain last year 8.5m saw London but only 900,000 found their way to the Briton's own favourite holiday area, the West Country. A mere 300,000 managed to locate the beautiful wilds of Northumbria and they, one can only assume, accidently turned right instead of left when driving off the boat at Newcastle.

In recent years the BTA has had to play a cautious role with its own direct advertising and rely on the deeper pockets of people like British Airways and British Caledonian to do much of the glossy advertising work and television campaigns. The Authority does, however, spend appreciable sums in discreet and, it is to be hoped, effective campaigns in the right places. Further money is spent, again usually with the aid of carriers and hotel groups, in bringing opinion influencers such as travel writers and TV teams into the country.

Sometimes this is part of a carefully planned strategy and at others it is a rushed reaction to some temporary problem. During the three day week journalists were invited here to see that the nation had not ground to a halt. The UK is not unique in this. The French spent heavily after the Amoco Cadiz disaster to show the world that Britanny was not lying under a blanket of oil and the Jugoslavs have been ferrying media-people to Montenegro to demonstrate that tourism survives even in the wake of a major earthquake.

Some would argue, of course, that tourism is subject to forces far stronger than such events as these and that spending by any nation on maintaining its image can only be a minor influence on traffic. Few nations have been willing, however, to put this to the test. For the moment, at least, Briain seems happy enough o rely on the efforts of Mr. Morley and gentle reminders by the BTA in regional magazines and newspapers that this is the year to visit Britain.

A.S.

Part of the unknown Britain that many foreign tourists miss: a crab fisherman unloads his catch on Holy Island, Northumbria

Inland challenge to the coast

IN TERMS of money, foreign tourism to Britain and domestic holidays by the British in their own country are of roughly equal size—they divide a £8.3bn business pretty well equally if amounts paid by foreigners to British carriers are included.

The numbers, however, are vastly different. The 12.6m overseas visits to this country contrast with 119m trips made by the British themselves, spending a total of 530m nights away from home.

The enormous gap in the spending of domestic and foreign visitors is accounted for by several factors other than the basic one that anyone who visits a foreign country is by definition likely to be in a higher socio-economic group than the norm and therefore a bigger spender. Nearly half domestic holidays are spent at the homes of friends or relatives; over two-thirds of all domestic holidays are taken in the family car; and well over half the trips are for three nights or less.

The difference between the foreign and domestic markets, and the substantial changes in the way the domestic market behaves, have both contributed to a vastly altered environment for the providers to tourism services, and this of course notably means the resorts and tourist attractions.

The basic British resort—from Brighton to Blackpool—really stems from the great railway era. Seaside attractions were crowded around the railway station awaiting the hordes of visitors, who at best had only a week to sample the delights that were being offered and often enough were coming only for the day. Today train travel accounts for only 13 per cent of holiday transport, a figure which in many other countries would be regarded as remarkably high. When trains were the main form of transport, once the visitor arrived he was, in effect, trapped. There was no question of piling back into the car and moving on if the resort was not up to expectations.

Today the resorts are faced not only with highly mobile custom but also rival attractions in the form of inland facilities which perhaps have more room for car-parking and even better road access. The Stately Home movement was a happy coincidence of owners looking around for some way of keeping open large and expensive properties, with a public demand for something different from the salt-air and candy-floss of the seaside.

Enormous

The amount of traffic which now goes to the non-traditional resort attractions is enormous. There were at least 54m visits made to historic buildings in England alone last year, to which has to be added 57m admissions to museums and art galleries and 17m admissions to wild-life attractions. The Natural History Museum alone saw 2.8m visitors last year, only to be beaten by the Science Museum's 3.5m, Madame Tussauds managed 2.4m.

However, it is Stately Homes which have proved to be the British equivalent of that American phenomenon, the theme park. Woburn Abbey, Longleat and Beaulieu all have differing but highly successful appeals which have been maximised by their owners. When observers question whether or not the Disney or Six Flags style of theme park operation would work in the UK they tend to ignore the fact that there is already a fairly sizeable nework of day-trip locations working successfully at the moment.

The most recent extension of this trend has been the growth of specialist museums of a type completely different from the wood-floored, glass-cased, constructions of old. The tiny canal museum at Llangollen in North Wales, the impressive Beamish industrial museum in County Durham, and the Acton Scott farm museum in Shropshire are all examples of the new developments and the ways in which inland areas have moved into the tourist business.

Perhaps the most ambitious of the recent investments has been in "The World of Shakespeare" a £1m-plus spectacular in Stratford-upon-Avon. This is an indoor, computer-controlled, sound, light, picture and music presentation which is almost certainly this year's most impressive addition to the British travel scene. Presented in the round, the difference here is that the audience is in the middle and the action revolves all round them. The story is of Queen Elizabeth I's progress from London to Kenilworth Castle, near Stratford, in 1575. It is a remarkable project.

It would be foolish to suggest that the traditional resorts have been standing still while this new market in day trips and leisure activities has been growing around them. Some, such as Brighton and Harrogate, have moved deeply into the business travel and convention business. Blackpool has managed not only to cling on to its reputation as the fun centre of the north but also extend its season with special activities.

Youth

Many of the resorts along the southern coast in particular have gone for the European youth market, particularly encouraging language tuition.

Further west deep sea fishing has become an important activity. In almost all of them there has been a gradual change of emphasis in accommodation, as self-catering accommodation, be it in caravans or flats, has taken an increasing slice of the market.

However, it would be naive to suggest that the resorts have moved to this new mobile, largely self-catering market, with any great enthusiasm. This past summer, which has probably seen day trip traffic at a peak in relation to overnight visitors there has been many a sad head nodding. As one local said to me on a crowded seaside street a few weeks ago: "Look at them, packing the place out. But you'll be hard put to spot any of them spending anything on much more than an ice-cream."

A.S.

A change in eating habits

AT FIRST sight it might appear strange that Mr. Egon Ronay should be trumpeting the wonders of British food nowadays. Mr. Ronay, for years the guardian of our national palate, has had the image of having to shout quite loudly in order to keep us on our gastronomic toes. Now, however, he thinks that British catering could be on the brink of a spectacular renaissance, and worries about the fact that economic circumstances may rob the British themselves of enjoying the fruits of such a revival.

In an interview in British Travel News Mr. Ronay argues that "the most spectacular improvement is in the mass catering field, which 15 or 20 years ago was awful." He recalls with apparent horror "writing about Victoria Station buffet where there was only one teaspoon, hanging on a string, and you went up to it to stir your coffee." Now, however, he praises the blossoming of food inthe pub, the development of many wine bars into restaurants and the considerable improvement in the restaurants of large hotels.

Certainly the change in both eating habits and eating facilities in the UK over the past 10 years or so has been remarkable. The wine bar and Italian restaurant are now as frequently seen in provincial high streets as chip shops. Even the ubiquitous hamburger has taken a few steps up the culinary ladder as competition has stepped up.

A variety of factors has contributed to the change over the years. Increased spending power on the part of consumers, a relaxation of licensing relugations, immeasurably improved training standards in the mass-market field, and the prospect of a reasonable return on investment both for large corporations and family operators, all these have helped to change the face of British catering. The cynics might also add portion control and microwave ovens to that list; and do so with a degree of accuracy.

The arrival of foreign tourists in Britain in large numbers might at first sight be another silnificant factor in the list, but closer examination of the facts suggest that this is not the case. Geographically tourists have tended until quite recently to concentrate their attentions on clearly defined areas, such as central London, while the restaurant revival has been much more widespread. At the same time some of the more exciting areas of change, such as the pubs and wine bars, are fields less patronised by tourists. Wine bars, in particular, seem to have an almost exclusively domestic appeal. Overseas travellers would seem therefore to be beneficiaries from the change rather than the creators of it.

The immediate problem for the catering business in the UK, as Mr. Ronay points out, is that costs are shooting up so fast as to threaten standards. Good restaurant operation is labour intensive and demands high quality ingredients. Meat and manpower are among the most rapidly inflating sectors of the economy at the moment. The addition of a heavier VAT rate has not helped.

Impression

By international standards the British are not great eaters-out, particularly when compared with, say, the French, Italians or particularly Americans. Not too many years ago there were several quite large British towns which boasted nothing better in the form of public eating houses than one or two fish and chip shops. The Chinese take-away began to make some impression on those habits, followed quickly by the Indian restaurant, the Wimpy Bar and eventually the more up-market Italian job. Today the visitor will fare better in Britain than in most other northern European countries as far as the frequency of reasonable eating establishments are concerned and probably as far as quality goes, too.

All this has been helped along by a general revival of interest in gastronomy. Most newspapers have cookery columns and restaurant guides. Mr. Ronay's own efforts in the Guide scene compete with the Consumer Association's Good Food Guide as well as publications from a variety of other sources, including the motoring organisations. British menus are quite often longer than their French counterparts and certainly more comprehensive than most Americans will find in their home cities. Above all, British basic food quality is high.

In one field in particular I feel that British efforts are much underrated. As a revolution among revolutions the change in British bread in the past five years has been amazing. My own local supermarket stocks a baffling array of white breads, dark breads, bran breads, meal breads, stick breads, cut breads, brown rolls, crusty rolls, hamburger rolls and north country baps. If you can tell a country by its bread, then Britain is a many splendoured place.

A.S.

Bus business buoyant . . .

THERE IS abundant evidence that the luxury coach or bus is as popular a means as ever for showing tourists the sights of Britain.

Londoners, the residents of Stratford-upon-Avon, the Cotswolds and Edinburgh among other centres, can all testify that their neighbourhoods have been vibrant with the sound of coach parties descending in large numbers throughout the ever - lengthening summer season.

The activity—which is difficult to quantify as there are so many operators and no central source of statistics—has this year come up against a rare event for the tour operator in Britain, a pound which has risen sharply against other world currencies.

The tourist season is by no means over but so far there has been little evidence of any substantial decline in business available for the coach tour operators.

This is perhaps just as well, for next year the industry can expect some of the most far-reaching changes ever to hit it in 50 years. These which will introduce a much greater element of competition into the whole of Britain's scheduled express coach services and into coach excursions and tour operations, were announced by the Government in outline early last month.

Mr. Norman Fowler, Transport Minister, said he proposed to include substantial changes in the system for licensing bus operations in a new Transport Bill to be published in the autumn. He said the plans were the "first serious attempt in 50 years to reshape the system in ways specifically designed to benefit the passenger."

Existing excursions and tours operated by coach companies have to be licensed by application to the Traffic Commissioners. Mr. Fowler's measures are designed to remove all road service licensing and fares control. Local bus services will still need to be licensed.

Excursions and tours using coaches are unscheduled express services based on return fares, where all the passengers travel together for a whole trip, either a day excursion or a tour of several days. Within these limits Britain's coach operators have created a wide range of services many designed specifically for overseas visitors to Britain.

National Travel, the coach division of the State-owned National Bus Company, which operates approximately a quarter of Britain's bus services, has taken seriously the market opportunities available in Britain for overseas visitors. The company has sales agents in Australia, in Europe, North America and in the Far East.

The agents' job is to sell a selection of the company's coach services designed specially for overseas visitors. The range is wide and includes tours in Britain of from three to 14 days, group charters which can be tailored to the tour group's requirements and the National Bus Company's "Coachmaster" ticket. This is available only for overseas visitors and offers eight days of travel over the whole of the company's express coach network for £27.

Overseas

In previous years the company's overseas division, which sells the Coachmaster and other coach tour services, has earned over £1m in foreign exchange. But this year the company, while not likely to suffer a dramatic downturn in earnings from abroad, may do little more than repeat last year's performance.

However, other aspects of the coach tour market are much more obviously buoyant. In particular the "mini-tours" with three and four-day excursions to two or three main centres of interest in Britain have proved more popular than ever.

Demand for these tours is expected to have come this year mainly from within the UK. Figures for the year are not complete, but between April and the end of October last year over 100,000 people took coach holidays of four days or more with National Holidays. This compares with 86,000 people in the corresponding period in 1977.

The company increased the seat capacity by 15 per cent this year and may raise capacity by a third for next year's season.

The holiday coach industry has a reputation of being used only by elderly and retired people. In fact people over 55 years of age accounted for less than a third of pasengers surveyed by National Express, one of Britain's long-distance coach operators.

In contrast, almost half—48 per cent—of the express coach service passengers were aged between 14 years and 34 years. The balance of 21 per cent were aged between 35 years and 53 years.

To help to drive the point home, the company organised last year a campaign to try to change the impression that it only carried elderly people.

But whatever the age of coach travellers, and this is likely to vary with the type of excursion, the industry is in no doubt about the starting point for most of its luxury coach business—London. Over 80 per cent of all luxury coach business is reckoned to originate from the capital. This includes what may be the ultimate in British coach tours, the "Grand Tour of Britain."

Every Monday, a party of travellers determined to see as much as possible of the main tourist sights in the shortest time, departs from Victoria Coach Station, London, leaving behind the fee of £439 for each traveller.

This buys 16 days of steady touring, taking in the best hotels in Canterbury, towns near Stonehenge, Bath, the Wye Valley, Stratford-upon Avon, Chester, North Wales, Loch Lomond, Edinburgh and York, and back to London.

Over half of the 3,000 seats offered on the grand tour have been sold so far this year. This high spot in the luxury coach tour market, however, is one of the few sectors which has been set back by the strength of sterling this year. The greatest fall has been in new business from the U.S. although business from Canada, Australia and New Zealand has picked up.

In the background to the turndown in demand for the most expensive luxury coach tours are the changing fortunes of the bus and coach companies in Britain.

The four National Travel subsidiaries of the National Bus Company last year recorded a total of over 16m passenger journeys. Revenue from this traffic totalled £18.2m.

The subsidiary National Travel (South East) which lost the greatest amount, £1.15m ceased to trade at the end of December. Its activities were transferred to NBC subsidiaries in the South East region.

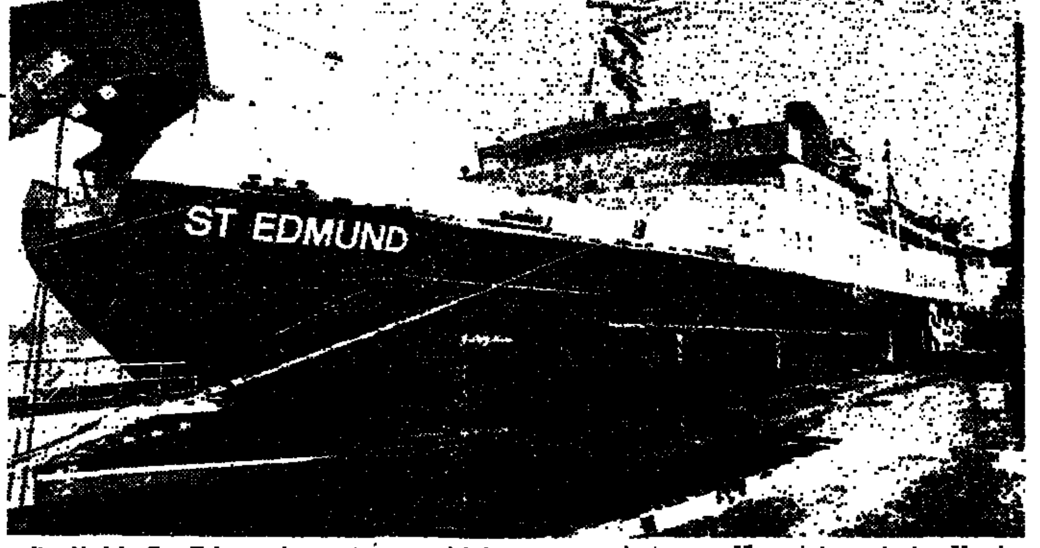
The express coach activities and private hire and other contract work however yielded £26m last year, representing 6 per cent of the group's gross revenue of £437.4m, although travel on the services fell by 9.5 per cent compared with 1977.

A survey of companies representing the private sector by Jordan Dataquest early last year examined 185 coach hire operators and found that almost 18 per cent of the total made losses and that many of these were the nationalised passenger service subsidiaries.

Few of the coach hire companies are quoted on the Stock Exchange, but Barr and Wallace Arnold Trust, one of the best known names in the industry is quoted. The company made a pre-tax profit of £755,000 on a turnover of over £18m in 1976.

The industry has been careful not to make rash forecasts about its fortunes this year, but whatever the results, they are likely to be the last before the Government's plans for introducing much greater competition are launched in Parliament in the proposed Transport Bill. This may become law by the middle of next year.

Lynton McLain



Sealink's St. Edmund car ferry, which operates between Harwich and the Hook of Holland

. . . and ferries fare well

WATCHING THE thousands of cars pour on and off the Continental ferries this summer one could believe the price of petrol had gone down rather than up. Some short cross-Channel routes and even some longer North Sea ones like those between Harwich and Germany/Denmark have seen marked increases in carryings.

The reasons for this are rather less visible but they show some marked changes in tourism to and from Britain. What makes the increased carryings particularly significant is that the numbers of Continental visitors coming in has dropped—fairly substantially in some cases. This is a trend that began last year and has grown in 1979 largely as a result of the increased value of sterling.

With fewer bargains to be had the thousands of Continentals no longer pour over on shopping sprees. The fall in numbers coming from Norway, for example, is such that the Fred Olsen-Bergen Line is axing its winter service from Newcastle.

This fall off has had an important effect on the balance of carryings for most lines. For some years this has been around 60-40 in favour of mainland Europeans coming to the UK—going up as high as 70-30 at the height of the shopping trips. Now it looks as though many ferry companies have at long last achieved their aim of a balanced 50-50 ratio.

Even more to their liking is that British bookings now show a much better spread over the spring and autumn periods, in the difficult "shoulder months," when ferries could run at a loss.

But whas has caused many of us to change holiday habits and go by sea with our car although petrol costs have shot up, especially since competition from the air, both from scheduled carriers and charter packages, has increased rather than lessened?

Marketing

The answer seems to be two-fold—more active, more inclusive marketing by the ferry companies and a growing demand for the self-catering/camping/villa or farm/guest-house type of foreign holiday.

The search for economy lies largely behind the trend, particularly among larger families for whom travel by car represents a great saving over air fares, while a yearning for greater independence than the mass package companies can provide is another reason.

But independence only where it can save money—not lead to higher costs; and that is where the ferry lines along with a number of small travel operators have been able to boost their business.

For years the majority of lines, especially on the cross-Channel routes, adopted a somewhat stand-offish, blinkered role, believing their sole purpose was to provide the sea transport and nothing more. But more go-ahead companies, such as the enterprising Danish line DFDS, decided that the only way to get sufficient Britons to use their services was to provide the land-based holiday as well.

From popular farmhouse stays DFDS has now extended substantially into hotel, self-catering and touring holidays of several kinds—all the different types of holiday offered by any conventional tour operator. Other Scandinavian lines such as Fred Olsen-Bergen and Tor, serving Norway and Sweden, and faced by the same problem of filling berths on long ferry routes, followed suit.

With shorter crossings the major ferry operators such as Sealink and Townsend Thoresen felt less compelled to adopt the same approach, although they have offered cheap camping and caravan rental for some years. Now, along with Brittany Ferries, they are marketing quite a wide range of inclusive deals, some of the short weekend or 4-5 day type but also longer hotel and holiday village holidays plus tours by road and rail.

At the same time all the ferry companies have become bulk wholesalers to the travel trade. Thousands of berths and car spaces are bought by small operators such as camping companies and by the motoring organisations at discounted rates, with the benefit—or a good part of it—passed on to the customer.

It is the growth in inclusive ferry deals that is also partly behind the increase in Britons travelling by ferry in the spring/early summer and autumn periods. Rates are reduced sufficiently to overcome both fears of cost and sea-sickness.

One feature of these discounted fares is the "car-goes-free" type. This can apply when, say, three or more travel with a car. Special "family" and period tariffs and a fixed charge for any length of car have also been increasingly introduced to cut costs, so that the old sliding scale system for car lengths is used less and less.

Almost all the above also applies to incoming tourists. The ferry operators are equally active on the Continent in marketing their new concepts and have played a leading part in gradually increasing the number of European visitors arriving by sea in 1978 to over 4,239,000. (That figure, however, will be down this year due to the fall off in those coming for shopping.)

On the other side of Britain—the Irish Sea routes—the picture is less clear. After several years of being becalmed by the effect of the Northern Ireland troubles, both the main lines, Sealink and B+I, had a large jump in carryings in 1978 as confidence returned. This year business has slumped once again, perhaps by as much as 20 per cent.

Paradoxically is was petrol that largely caused this but not its price: alarming reports of a serious shortage caused wholesale cancellations, and only now is business picking up as the Republic's tourist board guarantees fuel for visitors through a special voucher scheme.

Even more oddly, perhaps, is a report from P and O Ferries that its Liverpool-Belfast service is showing a 13 per cent increase. P and O also states that traffic on its two Scottish routes, Aberdeen-Shetlands and Scrabster-Orkneys, is also up—by 20 and 14 per cent respectively. Over in the west, around the Hebrides, ferry business fell away as in Ireland, due to exaggerated reports of a petrol shortage, but it is now getting back to normal.

This is a totally different situation to that being experienced at the cross-Channel ports. The Dover Harbour Board recently reported its ferry traffic was up by 40 per cent. Around the corner at Harwich and Felixstowe a similarly cheerful story is told.

Bill Glenton

Airport congestion getting worse

TOURIST TRAFFIC to the UK is one of the major markets for the airlines, on which they are now spending much more time and money. The precise figures for purely tourist travel to the UK by air are difficult to gauge. The number of "international passengers" using the airports throughout the UK in 1978 amounted to just under 39m, against 34.65m in the previous year. Many of those travellers were undoubtedly UK citizens, moving in and out on business or pleasure, but it is likely that around 14m of them were overseas residents broadly in the "tourist" class—that is, they were either coming to the UK (and subsequently leaving) for holiday purposes, or to visit friends or relatives. Since every visitor is counted twice—once on the way in and again on the way out—the true total of individual foreign tourist visitors to this country by air last year is probably about 7m or so.

It is clearly big business for the airlines to encourage this traffic, and it is not surprising that most of the major carriers, British and foreign, serving the UK have specialist programmes designed to encourage tourist travel.

Cheap

British Airways is a big operator in this field. For foreign visitors from Europe it offers a wide variety of "package holidays" under the name of Windsor Holidays at prices which are extremely cheap by comparison with what a traveller would have to pay if he tried to set up a similar holiday by himself. The prices this year, for example, range upwards from only £9 a night for a room and breakfast in a good quality London hotel. Even after taking account of the air fares, which again can be offered at cheap "package" rates, the bargains offered are highly competitive with those offered by other airlines or tour organisers. For other parts of the world outside Europe, British Airways offers its "British Airways Holidays" to the UK, again at highly competitive rates.

The airline says that any overseas country it serves which has any potential at all is given a tour programme to the UK, and this results in many hundreds of thousands of visitors to this country every year. The airline's sheer volume of traffic enables it to negotiate favourable rates with hotels, and to offer its clients discounts in many shops, and for car hire, while also getting a substantial slice of the London theatre ticket market. British Airways says that it is one of the biggest producers of "bed nights" in London hotels, guaranteeing full occupancy rates for most if not all of the year.

But it does admit that there are some difficulties in promoting tourism to this country. One is undoubtedly the rising costs of many tourist items, such as hotels, meals out in restaurants, taxi fares and general shopping items, such as clothes, although in many instances the UK can still claim to be cheaper than other major cities in the world. Nevertheless, the rise in prices of many items in the past year or so does appear to have worked against the tourist industry, with signs of a slackening in the growth rate reported by several airlines.

The airlines would like to see much more being done by the regional tourist authorities to encourage more traffic to the areas outside London. They argue that they have tried to do their best by introducing air services from Continental points to provincial cities in the UK, and that in many instances these have done well. But, in the final analysis, the vast majority of the tourist traffic still wishes to pass through London.

Even where a tourist does arrive through a provincial point, he will probably eventually move to London and depart from Heathrow or Gatwick. Encouraging greater numbers of foreign visitors to travel more widely inside the UK while they are here is also regarded as a difficult task, although British Airways itself says that it has many foreign visitors aboard its Shuttle flights to Glasgow and Edinburgh.

Foreign airlines serving the UK tend to argue that they cannot afford to lay on new services to provincial destinations in this country solely to meet a potential tourist demand. They have to introduce flights specifically for business travellers initially, and hope that the tourist traffic will follow as a result of advertising and other promotional efforts. These, they feel, should be the responsibility of the UK's own national and regional tourist authorities, or the national flag airlines of the UK, although some of them do undertake such programmes. But almost invariably the airlines argue that not enough is done overseas by the tourist organisations themselves to encourage visitors to areas outside London.

But equally unanimously the airlines argue that one of the most important tasks confronting the UK authorities is to improve the image of the UK's and London's airports, especially Heathrow. Time after time the same complaints are raised against Heathrow — its congested facilities, the long delays at immigration desks for foreigners and the sometimes discourteous treatment meted out to holidaymakers, the even worse delays for baggage reclaim, especially in Terminal Three at Heathrow, and the general confusion resulting from an airport where saturation of 30m passengers a year is now only just round the corner in 1980.

To be fair, the British Airports Authority has recognised this fact and has asked for a fourth terminal at Heathrow, designed to raise that airport's capacity from the present 30m to 38m passengers a year, and for a second major terminal at Gatwick to raise that airport's capacity from 16m to 25m a year. Beyond those two developments the Authority is pressing for an early decision on another major airport for London, which it feels will be needed in the late 1980s, when existing capacity, including the two new terminals (if approved) will be overtaken again by traffic growth.

If the new terminal developments are rejected by the Government—and worse, if the new major airport development is also thrown out—there could be chaos in the long term in the air transport industry, with consequent severe economic damage to the UK.

Assessing the implications of any Government rejection of the new terminal developments, the British Airports Authority has said it believes that some traffic would go to airports outside London, but this would be limited, because London remains the business and tourist centre of the country. Some traffic would also divert to airports on the Continent. This would most likely affect foreign tourists who might be dissuaded from visiting the UK, particularly those from non-European countries for whom the UK is just one of many alternative tourist destinations within Europe. Some potential traffic might also not travel by air at all, and this would also most likely comprise foreign tourists to the UK.

The net effect of this loss of traffic could only be a loss to the overall UK balance of payments. The loss of tourist traffic to foreign airports, and the loss of freedom to expand existing markets or to develop new ones, would reduce the earning power of the air transport industry significantly.

Transfer

The British Airports Authority and the Department of Trade also believe strongly, however, that in order to ease the congestion at Heathrow, and to improve the overall image of the UK at the outset of a visitor's arrival, it is necessary for some airlines to accept the need to transfer traffic from Heathrow to Gatwick. So far, attempts to persuade some airlines such as Air Canada, Air Portugal and Iberia of Spain to move have not been successful, although some new operators, such as Delta and Braniff of the U.S., have been using Gatwick and are professing themselves happy with the comparatively uncongested conditions there.

It seems inevitable, however, that despite the objections now being voiced, some airlines may well feel that a move of at least some operations to Gatwick will be beneficial to their passengers in the 1980s as Heathrow's congestion worsens. Such transfers will raise some difficult international problems, as they have done already in the Air Canada, Air Portugal and Iberian cases, which are not yet settled. But, the final question will be what the passengers think, and if an increasing number of them tend to feel that Gatwick is preferable to Heathrow, transfers of services may not prove to be so difficult as some airlines now believe.

The biggest objection to transfers of services to Gatwick stems from what many airlines claim to be the lack of adequate connecting services to other international destinations. Efforts to improve this are being made, but in the view of many airlines, and especially the UK independent airlines which already use Gatwick, these efforts are not enough. They believe that very often the licensing policies of the Civil Aviation Authority, on behalf of the Department of Trade, seem to militate against the development of new services from Gatwick rather than improve that airport's status as an international hub.

The independent airlines argue, for example, that while many of British Airways' licences are written to allow that airline to operate both from Heathrow and Gatwick, it not only does not take advantage of that fact, operating mostly from Heathrow, but also seeks to block applications for more international routes from Gatwick by other operators. Thus the expansion of Gatwick as a safety valve for the congestion at Heathrow is baulked.

The independent airlines argue that the Government, through the Civil Aviation Authority, is now being given a first-class opportunity soon to correct this.

Several airlines — including British Caledonian, Laker and British Island—have asked for rights to fly from Gatwick to many European destinations currently served by British Airways from Heathrow. By granting many of those applications, the Civil Aviation Authority could ensure that not only is Gatwick itself developed much further as a major hub airport, especially with the links to the Continent, but also do much to help boost tourist travel to and from the UK. It remains to be seen whether the Civil Aviation Authority recognises this argument when it decides who—if anybody—shall have which new routes out of Gatwick.

Michael Donne

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Ian Hargreaves on two decades of Government intervention

A sorry tale from the shipyards

IN 1947, the UK met just over half of the world's requirements for ships. Last year, its market share had slumped to a little over 3 per cent, with every prospect of the situation getting worse in the next two years.

This disastrous record has unfolded in an industry which could not have had more Government attention. It has been the subject of internal departmental reviews, expert committee reviews, non-partisan reviews, management consultants' reviews and trade union studies. Its ownership has been private, then part private part public; then nationalised. It received the attention of the key para-governmental agencies of the post-war period: the Industrial Reorganisation Corporation and the Commission on Industrial Relations.

Steeplechase

In the 18 years from 1959, shipbuilding fell within the province of six different ministries and there were many more internal shifts of responsibility. Seldom has so much administrative effort produced so little industrial fruit.

This steeplechase of fallen fences, however, makes the industry a wonderful subject for hindsight analysis. It has broken or beguiled the principles of eminent politicians of both parties and thus provides ideal territory in which to ask the key economic question of post-war Britain: why has the country failed to regenerate its basic industries or to find dynamic alternatives to them?

Brian Hogwood's new study* concentrates on the period 1959-1978, although, even as his text was with the printer, the story ran on further, with Sir Keith Joseph's non-interventionist approach to industry already modified with the Government's decision to go on offering huge subsidies to keep shipyard workers in jobs.

It is a history full of fascinating and exciting detail: the Upper Clyde "work-in" (on which Mr. Hogwood provides a usefully detached perspective); the row over "hybrids" which delayed nationalisation for many months; the "Fairfield experiment," over which George Brown, then Economic Affairs Minister, almost resigned, and many other equally hot-blooded exchanges involving lesser known public figures.

Mr. Hogwood's conclusion is that, for all the fine words about "industrial strategy" (Labour) and "non-interventionism" (Conservative), every Government has pursued a "reactive" line. That is, when presented with a crisis over jobs it has pumped in funds and taken a short-term view; although such pumpings are invariably associated with earnests of good intention about future productivity levels and the limits to the public purse.

This thesis about reactivism or ad hocery is proved beyond appeal in the book. Its corollary is that Government cannot really do anything to improve industrial productivity and that, in shipbuilding, the record shows that those firms which have had least Government interference have been the most efficient (although there is a chicken and egg problem here, to some extent, in that the more efficient and therefore unaided firms may have been inherently stronger anyway).

Obligation

Unfortunately, however, Mr. Hogwood is a lecturer in politics (at Strathclyde University). This places him under an obligation to relate his studies of shipbuilding to a number of European and American theories about the process of government. The result is that a solid, fairly well-researched 230 pages of shipbuilding history is sandwiched between an unreadable introduction, which groans under laborious concepts such as "process models," and a set of conclusions which are diverted by excessive attention to the same abstract and, so far as this reader is concerned, unhelpful notions.

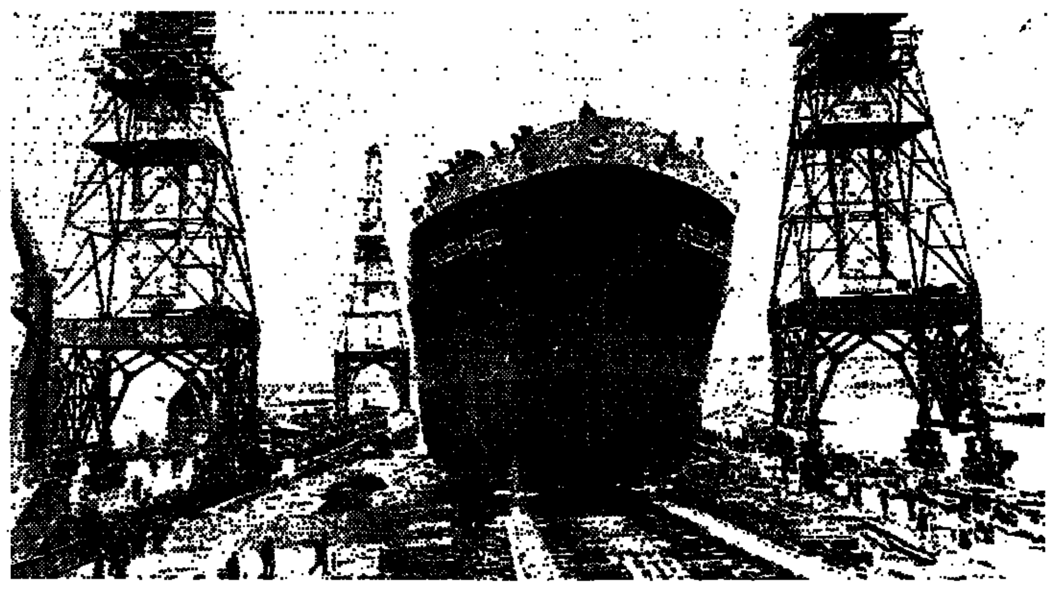
To catch Mr. Hogwood at his most intelligent, it is therefore necessary to read the whole book, wherein there is much perceptive and stimulating presentation of such things as the Government's refusal to release a report on the workings of the 1965 Fairfields experiment (when Clydeside shipyard workers accepted revolutionary working agreements in return for Government assistance with the re-opening of the yard, only to see the whole enterprise swallowed by the unsuccessful Upper Clyde Shipbuilders within a few months). Supporters of the experiment say the report would have pinpointed Fairfield's successes and undermined the then Government's arguments for submerging it in UCS, which was not based on changed working practices. Equally provoking are the comparisons between the style adopted in setting up UCS and the wider merger involved in the formation of British Shipbuilders in 1977.

What Mr. Hogwood fails adequately to draw out from his blisteringly complete demolition of the record of the politicians is the fact that, as these political straws were being grasped, the position of the main protagonists (the trade unions and the employers) was changing.

The employers had moved from a position of crying "hands off" to the perception that for most of them nationalisation would be a better deal than bankruptcy. They had also learned, slowly, the weakness of their industry and had, in a few cases, taken remedial action which, with a little Government forebearance, could have got the healthiest through the present slump while still in the private sector.

The unions, meanwhile, grew used to the safety net of interventionism to the point that the Confederation of Shipbuilding and Engineering Unions could respond to the 1973 Booz Allen report on the industry with the statement: "we will agree to no plan which involves raising productivity faster than production."

The unions then launched in earnest their campaign for nationalisation, which by 1977 had become an inevitability, but which was never likely in itself to provide a remedy for the real problems of under-performance. Between the three rocks of short-sighted management, entrenched unions and irrelevant Government, the industry foundered. All three rocks had their basis in complacency.



Ashley Ashwood

Govan Shipbuilders, which emerged from the ashes of the Upper Clyde work-in, launches the first of the ships in the controversial £115m Government-subsidised deal with Poland. Other Polish ships have recently been delayed by workers' protests over redundancies in the industry.

Because, while this deluge of reports and responses was being manufactured, world shipping was being transformed, by containerisation, faster ships, bigger tankers, the new shipbuilding countries and then, in 1974, by the tanker crash, which led to the current slump. Virtually every administrative manoeuvre of the period was the occasion for delay and false optimism. This was the real failure of Government.

Mr. Hogwood is right, no doubt, to be equally cynical about the chances of either political party altering this course. Non-interventionism, theoretically, stands a chance in that it has never been tried before, but world trade is now riddled with protectionist barriers, and at home even Sir Keith Joseph does not wish to abandon the industrial planning tool of regional aid.

All this, unhappily, is very negative. One of Mr. Hogwood's few positive ideas is that maybe the £16,000 a man it cost to save Upper Clyde might have been spent on retraining. But even this would have meant overcoming the conservatism of British industry about relocation and raising of the degree of trust between employers, employees and Government.

Nowhere in Mr. Hogwood's treatise is there the glimmer of a suggestion of how it might have been different. Perhaps one reason for this is that academic analysis is too lofty a business to admit simple and untestable assumptions, such as the proposition that industry needs, as well as the right Government and economic framework, the right people at the right time.

Whether the industry's current leaders have the quality to save the remnants of British shipbuilding remains to be seen. Their task has been made incomparably greater by the governmental machinations described in this book.

* *Management and shipbuilding: the politics of industrial change. By Brian W. Hogwood, Saxon House, £10.50.*

Nuts and bolts of training engineers

THE MANAGER in engineering is much more likely to have a technical background — both educational and work experience—than a professional management training. The younger he is, the better educated he tends to be, but, once he has achieved managerial status, he shows a marked disinclination to move around from one company to another.

This portrait of the "typical" manager in engineering (who is almost certainly going to be male—only 2 per cent of managers in the industry are women) emerges from the final one of a series of surveys that the Engineering Industry Training Board has carried out into various jobs (such as craftsmen, technicians) in engineering. The object of the programme which started 13 years ago, is to help the EITB formulate policy on training.

The survey is based on interviews with 1,435 managers in firms with 250 or more employees; managers in firms of this size make up some 60 per cent of all managers in engineering. The interviewees mostly fell into the categories of heads of functions, senior managers and middle managers —the three middle levels of management. Most were in the age range 30 to 55.

One-third were in the production function, just under one-third in services (departments whose work supports other functions such as production, research and development) and 16 per cent in commerce (departments, such as marketing, whose work is directed outwards to the supplier and customer).

The survey reveals some interesting facts on the educational backgrounds and career patterns of these managers, particularly in relation to the changes that are taking place between the older and younger managers in the sample.

It also shows that managers—who are defined as having jobs considered to be mainly managerial as opposed to mainly technical or professional—are an expanding group in the industry. In 1966-67, they constituted 3.3 per cent of total employment of 3.456m; ten years later, they made up 4.3 per cent of total employment of 2.934m.

Nearly half the older managers reported no further educational qualifications after leaving school, but among the under-30s, more than 40 per cent have a university degree or equivalent. The proportion holding a HNC/HND was highest for those in their 30s (30 per cent); for the under-30s, it was only 16 per cent.

Among those with a degree or degree equivalent, nearly half held the qualification in engineering, and one quarter in science or mathematics. Only 14 per cent of the qualifications were in management or business studies. Arts, social science and professional (accountancy, legal, etc) accounted for less than 10 per cent of all higher educational qualifications.

The technical bias in qualifications was repeated in the investigation into the career patterns of managers. More than half the respondents (over 800) had previously worked in a technical job, 460 of them as scientists or technologists and the remainder as technicians or craftsmen.

Analysing these figures by age, the younger managers are much more likely to have entered a management job from an administrative or professional background, while the older manager is more likely to have come from a supervisor job.

The majority of respondents —more than 60 per cent—were appointed to their first management job before 35. Having reached that stage, the manager is very unlikely to change his kind of job—from manager to accountant, for instance.

A surprising fact to emerge is that managers, although more of them tend to be getting qualified technically, have little management training. Of those who had gained their first managerial appointment in the two years preceding the interview (tending obviously to be the younger managers), under a quarter had had any kind of pre-appointment training.

Few formal arrangements exist within the industry for managers to keep up their specialist skills. Around 60 per cent of the sample said that reading, or contact with other employees (in their own or other organisations) was the way by which they kept up to date with developments in their specialities.

With these last two factors in mind, it is reassuring that the EITB does not view its programme as being completed with the publication of the final survey. The Board comments: "It is complete only in the sense that each survey reveals further questions to be asked, policy issues to be resolved, decisions to be taken and monitored."

The Manager in Engineering. Publications Department, EITB, PO Box 176, 54, Clarendon Road, Watford, WD1 1LB. £7.50.

Hazel Duffy

Enterprise Agency's aim for new jobs in London

By Nicholas Leslie

IF THE London Enterprise Agency succeeds in helping to create 200 new jobs in its first year of operation it will have met a reasonably satisfactory target. This is the view of Brian Wright, the director of the agency, launched in April with the backing of nine major financial and industrial concerns to assist small companies in the inner London area.

Mr. Wright reckons that the agency—which is based within the London Chamber of Commerce—in order to meet its objective, will need to sponsor in some way around 50 new companies.

The idea for the agency grew out of the previous Government's policies for reviving inner cities and helping small companies. Several large companies—Shell UK, IBM, British Petroleum, BOC International, Marks and Spencer, GEC, the Industrial and Commercial Finance Corporation, and Midland and Barclays banks—have subscribed £20,000 each for its first-year budget.

Their support is due to a variety of reasons, including their wish to show a greater social awareness and the belief that their business may benefit in a variety of ways from keeping abreast of developments in the small-company sector.

Despite the agency's infancy, there have already been suggestions that it is not doing as well as expected. Brian Wright denies this, however, maintaining that, if anything, "we have done a little better than we had hoped for so far." He says the agency has already been able to give necessary advice to 20 new companies as diverse as a cosmetics manufacturer, two textiles-related manufacturers, a wine bar and a consulting engineer.

Premises

It is clear, though, that the agency is still finding its feet and is seeking to clarify the parameters of its work, so that it can ensure that its energies and resources are concentrated in the best areas. Brian Wright is "looking to build the foundations" in the first year and feels that the agency's sponsors will be satisfied if 200 new jobs are created.

Although the embryonic companies with which the agency is dealing are generally preoccupied with getting financial backing, another major difficulty they face is getting the right type of premises at a price they can afford.

There is a major shortage of working space in the inner London area of between 850 and 2,500 square feet, the size that new businesses so often need. It is a question not only of there being a dearth of such premises — either planned or under construction — but also that where conversions of older properties have taken place, the subsequent rentals prove out of reach of those who would like them.

The agency is therefore putting effort into resolving this and has been negotiating with the Greater London Council to find ways around the problem, some progress has been achieved, according to Brian Wright.

The agency is currently getting some 10 inquiries a day about the type of assistance it can provide but only a small proportion of these prove to be sufficiently serious or viable for the agency to take things further.

Part of its initiative also involves a planned programme of one-day seminars on setting up business. These will take place on Saturdays and will be followed by a programme of weekend courses in conjunction with the GLC and the banks which sponsor the agency.

The agency's address is 69 Cannon Street, London, EC4. Tel.: 01-248 4444.

LOMBARD

No shortage of entrepreneurs

BY DAVID FREUD

WHERE IS the Government going to find all the entrepreneurs it needs to revitalise British business, especially at the small company level? In the June Budget the Chancellor said he intended to act on the supply, rather than the demand side, of the economy. However, there are few who are convinced that his direct tax cuts will on their own increase the supply of that most intangible of commodities, business flair and aggression.

There is serious concern among senior Conservatives about the apparent dearth of entrepreneurs. Their lack is underlined by a finding of the Bolton Report that in 1963 the average age of small companies was 22 years — near-senile by comparison with the U.S., Japan and other industrialised countries.

Maybe the entrepreneurs are not dead, but only hiding. And the obvious place to look for them is the tax-evading, administration-shunning black economy. Certainly the unofficial economy gives all the signs of harbouring many entrepreneurs. It is highly efficient, keenly-priced and competitive.

Its virtues are such, in fact, that some economists argue that far from attacking the black economy, the administration should actively encourage it.

But while economists may praise the efficiency of the cash-only world of the artisan, or some artisans, the black economy also has another effect, which is less encouraging from the point of view of the overall economy.

Growth ceiling

It acts as a ceiling on the growth of small businesses. This is because while a one-man operation or casual partnership can flourish in the black economy, the risks of detection increase immeasurably when a successful "unofficial" operator starts employing others.

So the successful would-be entrepreneur in the black economy is presented with a choice. He can either become legitimate or stop expanding before his business is big enough to offer a clear target to the authorities. It is hardly surprising that so many prefer the second alternative, since the first is hugely expensive both in money cost and in terms of compliance with administrative rules.

The new employer must pay his own income tax and VAT, as well as PAYE and national insurance contributions for his employees. That is the money cost. The non-money factors are likely to be even more onerous and unpleasant. He will have to learn and interpret the contents of some 30 Acts of Parliament on subjects spanning company law, health and safety, equal opportunities and employment protection.

The VAT system has been heavily criticised for making the lives of small businessmen miserable and many argue that the threshold of entry into the VAT nexus should be raised. However, this would have no effect in encouraging entrepreneurs to take the plunge out of the black economy. Rather the reverse, because there would be a higher ceiling for safe unofficial activity.

Instead the Government should aim to make the transition from the unofficial to official economy as easy and painless as possible. In practice this means making it easier to become an employer, since this is the single most difficult step in the transition.

The best approach might be to initiate two separate strategies, one short-term and the other over a longer period. The short-term step would be to introduce a holiday from parts of the legislation for a five-year period for new companies with fewer than, say, 20 employees.

In the longer-term the legislation could be reworked on the basis that the average management operates in a small company. At present the legislation seems to be concocted on the erroneous assumption that the average company is a large multinational.

The details of the legislative holiday for new small companies could run parallel to some of the Chancellor's own ideas for "enterprise zones" in inner city areas. These include freedom from rates and simplified planning permission, health and safety controls and employment laws.

The programme would be difficult to push through and doubtful in terms of political advantage, especially in the short term. But if the Government really wants to influence the supply of entrepreneurs, it has little alternative.

Enduring charms of old fashioned roses

GARDENS TODAY

BY ROBIN LANE FOX

AT THIS time of year, gardeners turn to the lists of tulips or daffodils for next spring. The process makes me feel that we are all ungrateful to many good summer roses.

This may seem an odd conclusion. But while we are all hurrying to order yet more lilied-flowered tulips and double narcissi, I cannot help remembering that they will only flower once and briefly at that. If a rose claimed to do nothing more we would consider it nowadays to be a very poor buy. Just because some new roses flower twice or frequently, we expect it from them all.

There would be no problem, of course, if all the most fashionable and highly-prized roses would agree to flower twice. Old-fashioned roses cannot be shown well at flower shows. They have an unstoppable habit of catching black spot but every knowing gardener wants them, if only for their scent and heavily petalled flowers. It has taken me some bad choices and several disappointments to find some which will flower noticeably in a second autumn season.

The virtue of a second season is one reason why there is so much of interest in the class of modern shrub roses. Just a few of those do combine the best of old and new. For beginners, I would say only that there is still no big shrub rose of such value as the abundant white Nevada.

After four years or so, it makes a big shrub and is quite spectacular, though single-flowered. There is hardly a doubt about its second season, especially as it likes to return quite early to its job, showing a good crop of second flowers in August. I think that the timing of this second crop depends on the heat of the summer. In a gloomy year, the second flowers wait until now, but they have still left themselves enough time for you never to miss them.

I like to see this grand rose used in one of two ways. The first is as a central feature in a wide border where it has been placed with due thought for the eventual seven-foot width of its spreading branches. Most gardeners think that mixed borders will turn out to be less laborious. And I know of no better shrub than this rose for the centre of one.

You could under-plant it with the huge blue-grey leaves of a strong Glaucous Hosta. Otherwise, Nevada is a superb rose for an informal hedge or for clumps in orchards, along post or rail fences or even at a fitting distance from the wire of a tennis court's surround.

They have no smell, of course, but a leaf which is extremely delicate. This great modern hybrid was bred from a descendant of the old hybrid tea Mme Karl Druschki and a form of rosa Moyesii. The latter is responsible for most of its charms, not least the light and neatly-cut leaf. This is only rarely liable to black spot, usually on sandy soils or among incurable neighbours.

Like rose Moyesii itself, it is a shrub with a simple form to it which can thus stand in a wild garden or beside a pond without looking artificial. The best group which I know stands beside a pond into which its branches arch and its single white flowers are reflected.

Nevada thrives in the heavy soil which is often found by the waterside; it is one of my first choices for a site which can easily be planted too heavily.

Among the purples, stripes and so forth, I have had a fine second crop on one called Ferdinand Pichard. As a result, I would rate this first as a beginner's old-fashioned rose which grows to a height at which it could still be used for bedding.

The branches will spring up to four feet at most and general width is not much more than a yard. The base colour in the flowers is a pale raspberry pink, striped in a dark crimson-purple.

Though bred in the 1920s, it sums up the elegance of an old-style rose to any visitor's eye. I have seen it best as a grouping at each edge of a bed given over to the more flamboyant varieties, one of the musks, perhaps, to which I must turn. Ferdinand Pichard, is tough, not crippled by black spot and certainly one on which to fasten in a bewildering range.

So, too, are the hybrid musks if you want the best filling for a rose-bed which you will never have to prune, stake or spray. Apricot-buff, Buff Beauty and the pale pink Felicia are the best varieties, though the white Pax and Moonlight are also well worth space. In a very hot site, their flowers may hang their heads. Otherwise, I have yet to find any soil or aspect which these essential roses are not superb.

The flowers are quite small, double and well shaped. The scent of Buff Beauty is quite strong. If your garden is looking blank or too big, these are roses which you must use freely.

Otherwise, the second season will not be found among Gallicas, Albas, cabbage roses and moss roses. A long season here means three weeks at most. Though a glorious three weeks for such beauties as Celestial, the pink moss, General Kleber and the perfect shape in Fantin Latour. For a September crop, you should hunt cut china or portland roses at a low level and the big Bourbons at a solid height of six feet for so. But you have to know your way around.

From David Austin of Albrighton, Wolverhampton, you can still buy a bright pink version of the very old portland rose which repeats freely and has a bold colour in a particularly wellformed shape. Comtesse de Chambord is no longer a familiar rose but she has scent and qualities which mark her out among many roses bred since.

The small-flowered china roses are exquisitely formed, but they are mostly roses to be picked and studied in detail, bordering on the miniature in Cecile Brunner and the like. They are certainly the longest in flower, competing with the last modern floribundas until Christmas. I would always want one, at least, though the colours are mostly pink.

The Bourbons are more remarkable. They are everybody's idea of full and opulent roses from a late 19th-century French novel. Boule de Neige strikes me as a very easy plant, always willing to flower well twice and intermittently in between. It grows narrowly up to a height of five feet, so you can fit it into a border without swamping everything else.

Honourine de Brabant is a border and coarser pair to it, but a wonderful rose for the background to a vegetable patch or a wide border as it will spread two yards up and across and bear two crops of strongly streaked and spotted flowers in pale pink and mauve crimson. Its scent is strong and its season is far longer than most of this lovely but variable class.

Souvenir de la Malmaison is more a quality match for it with huge pink flowers in a soft shade which once appealed to Napoleon's discerning wife.

Perhaps, as you read, you look out on your modern Icebergs and Queen Elizabeth and wonder what all the fuss can be about. These roses flower freely into late November, but as moderns they do not have the scent or the shape, the astonishing mixture of colours, the stripes, the flat flowers, the quartered shapes or the silk petals which put the old-style roses in a higher class.

Some of the gardeners who first try them complain at their short season. If they are prepared to stretch the age-limits of an "old" fashioned rose, they can enjoy them for almost as many months as a modern tea variety. You have to know where to start to look and then you no longer want to look anywhere else.

This colt is something special

RACING

BY DARE WIGAN

A LEADING Newmarket trainer recently told me that, in his opinion, no two-year-old colt of outstanding merit had been seen out so far this season.

Looking at the runners for today's Laurent Perrier Champagne Stakes at Doncaster—which includes the best of those that have run—it is not hard to follow his logic, inasmuch as only two of today's runners, Marathon Gold and World Leader, are unbeaten, whereas others, notably Millbank and Paradise Bay, having been hailed as potential champions, have let down their admirers.

Of the two unbeaten colts, Marathon Gold, by Derring-Do out of the top-class race mare Attica Meli, following a hard-earned victory over Heavenly Ruler and Paradise Bay at Ascot on the Saturday immediately following the Royal meeting, was a convincing winner of the Lanson Champagne Stakes at Goodwood, though it cannot be said that the form of that race has worked out particularly well.

As for World Leader, this colt by Bolkonski and trained by Luca Cumani at Newmarket, has run only once when he triumphed over six furlongs at headquarters on August 25.

One colt who has improved steadily throughout the season is Final Straw, who is nothing if not game, as witness his defeat of his better-fancied stable companion, Lord Seymour, in the July Stakes at Newmarket, and of Bozovici in the valuable Seaton Delaval Stakes at Newmarket a month later. Final Straw is sure to go well, but, in the belief that he may be something special, World Leader is the selection.

Hardgreen, if he consents to do his best, ought to outclass the opposition in the Fitzwilliam Stakes. In the absence of Balinger, Vincent appears the likely winner of the Julio Mariner Stakes. Ben Elid has sound prospects in the Prince of Wales's Nursery Handicap.

Finally, I doubt whether Ian Balding, had he been invited to compile the weights for the Hurstbourne Nursery Handicap at Salisbury, would have felt justified in giving Depict less than 7 st 11 lbs.

This attractive filly by Derring-Do out of Picture Palace was an impressive winner of a maiden race at Newbury on August 17. With stable apprentice S. Payne claiming the 7 lbs allowance, thereby reducing the weight still further to 7 st 4 lbs, it is difficult to visualise her defeat.

DONCASTER

2.00—Sandford Rose
2.30—Hardgreen*
3.05—World Leader
3.35—Vincent**
4.05—Ben Elid
4.35—Son Of Shaka
5.05—Marzook

SALISBURY

3.15—Engagement Ring
3.45—Oatfield
4.15—Depict***
4.45—Rippling Wind

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra-high frequency only). 12.45 pm News. 1.00 Pebble Mill At One. 1.45 Barnaby. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.40 Think of a Number. 5.05 John Craven's Newsround. 5.15 The Ransom of Red Chief.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Angels.
7.10 Star Trek.
8.00 Mastermind.
8.30 Rings on their Fingers.
9.00 News.
9.25 Kojak.
11.00 Boxing.
11.40 News Headlines and Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Wales—5.15-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05 Pawb Yn Ei Fro. 7.35-8.00 Angels. 11.40 News Headlines and News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines and News and weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Mid-evening News.
7.05 The Movie Crazy Years.
8.35 My Music.
9.00 M*A*S*H.
9.25 The Hellstrom Chronicle.
10.50 Jack High. The Kodak Masters Bowls Tournament.
11.20 The Late News.
11.35 Closedown reading.

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

12.00-1.30 pm Channel Lunchtime News, What's on Where, Weather. 5.00 Puffin's Birthday Greetings. 5.05 Kum Kum. 5.30 Dynomutt. 6.00 Report at Six Extra. 7.00 Asia Notebook—Notes from India. 7.30 Emergency. 8.25 The Feature Film: "In The Matter Of Karen Ann Quinlan." 10.05 Channel Late News, Weather. 10.10 Terronauts. 11.05 News in French.

Radio Wavelengths

1	1089kHz/275m 1053kHz/285m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Peter Powel. 10.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 7.30 pm Listen to the Band (s). 8.15 The Magic of the Musicals (s). 9.02 Noël (s). 9.55 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (s). 7.32 David Allen (s). 10.03 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s). 2.15 David Hamilton (s) including Racing from Doncaster. 4.14 Much More Music (s). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (s). 6.45 Sports Desk. 7.02 The Organist Entertains (s). 7.30 Soccer Special: England v Denmark. 9.30 Noël (s) (joins vhf). 9.55 Sports Desk. 10.02 I Like Spike. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Medium Dry Sherrin. 12.00 News. 12.05 am Peter Clayton with Round Midnight (s). 2.02-5.00 You and the Night and the Music (s).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests, part 1 (s). 8.00 News. 8.05 Records part 2. 9.00 News. 9.05 This week's composer: Balakirev (s). 10.00 Music for Organ (s). 10.40 Arnold Cooke concert (s). 11.30 Choral music by Gustav Holst (s). 12.05 pm Hallé Orchestra concert, part 1 (s). 1.00 News. 1.05 Hallé Orchestra, part 2 (s). 1.40 Fifty years of British Music (s). 2.15 Saint-Saëns (s). 2.40 Cello music by Bach and Beethoven (s). 3.25 Messiaen: "Des canyons aux étoiles," part 1 (s). 4.15 Interval Reading. 4.20 Messiaen, part 2. 5.10 Young music-makers (s). 5.25 Homeward Bound (s) including 5.45-5.50 News († and mono only from 5.45). †6.15 At Home. 7.10 Delalande (s). 7.30 Proms 79, part 1: Varese, Stravinsky, Bartok (s). 8.20 The Arts Worldwide. 8.40 Proms 79, part 2: Schoenberg (s). 9.35 The intermedi and the birth of opera (talk by Frederick Sternfield). 10.20 BBC Northern Symphony Orchestra (s). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.45-7.10 pm Open University.

RADIO 4

6.00 am News Summary. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the day. 7.00, 8.00 Today's News, 7.30, 8.30 News headlines. 7.45 Thought for the day. 8.45 The Crack of Gold. 9.00 News. 9.05 Gardeners' Question Time. 9.35 Nation at Work. 10.00 News. 10.05 The Living World. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Magic of Music (s). 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 I'm Sorry I Haven't a Clue (s). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (s). 3.50 Choral Evensong (s). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Enchanting World of Hinge and Bracket (s). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A Musical Evening with Margaret Price. 8.45 Britton on Britain (s). 9.00 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Popular Image. 10.55 Smith Again. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgetables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 Black Londoners. 8.00 In Concert retrospective. 10.0-5.00 am: As Radio 2.

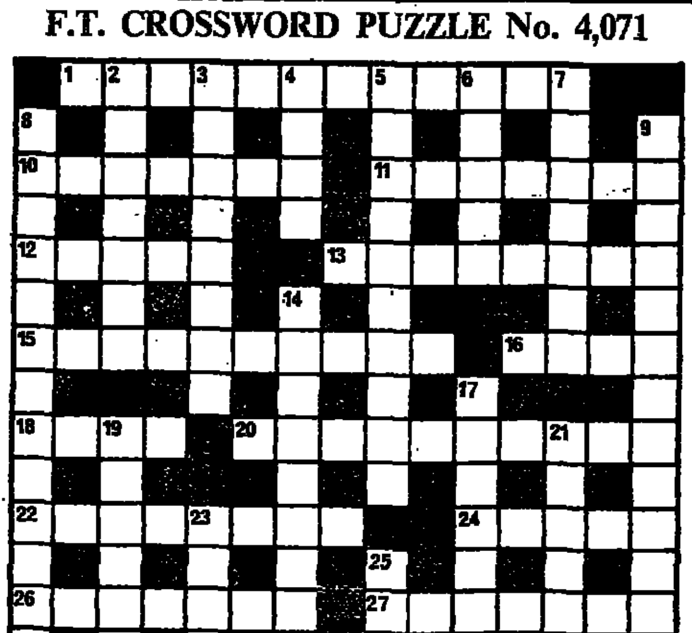
London Broadcasting

5.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 o'clock call. 4.00 LBC Reports with Sue Jameson and Alan Clark. 8.00 Jazz After Eight, includes Vintage Jazz Corner. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Sarah Ward. 4.00 Jazz in Stereo. 5.00 Morning Music.

Capital Radio

5.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 3.00 pm Roger Scott (s). 7.00 London Today (s). 7.30 "Prudence." 7.45 Ric Davis's Open Line (s). 9.00 Nicky Horne's Your Mother Wouldn't Like It (s). 11.00 Tony Myatt's Late Show (s). 2.00 am Duncan Johnson's Night Flight (s).

F.T. CROSSWORD PUZZLE No. 4,071



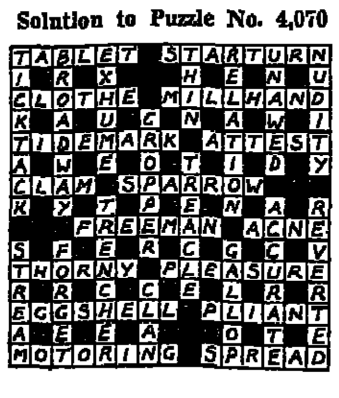
ACROSS

1 It's mean cutting off parts of Cheshire (6-6)
10 Our name may be one to inflame with passion (7)
11 I'll take a testament to enmity (3-4)
12 Scottish expression of impatience about the pigment (5)
13 Female rodent on old type of furniture (8)
15 Wrongly determines to create a measure of stupidity? (10)
16 Release money to be paid about the end of October (4)
18 Monster making a bit of progress (4)
20 Acknowledged extremes of liberality without doubt (10)
22 Dad stole and was stricken with sudden fright (8)
24 Male named in spicy stuff (5)
26 Mixed trio perform what's read to mutineers (4,3)
27 Old priest is turning on omission (7)
28 Trusted leader of experience with plump female form (6-6)

DOWN

2 Warm bird for a pagan (7)
3 Coteries assembled in secret (8)
4 Listener left for nobleman (4)
5 Reckoning for that crime I arranged (10)
6 Vain ringleader is a loafer (5)
7 Tail of pig and piglets sparkle (7)
8 The unknown come about fish that's unexcelled (6,7)
9 Yet perhaps two empty spaces are colloquially damned (8-5)
14 Plant, though lifeless, may irritate but it has no sting (4-6)
17 Pierce the heather and find accommodation for Arabs (8)
19 End the call that jilted fiancée takes (4,3)
21 Brief sleep that is right (7)
23 Produce a map and talk about direction (5)
25 Complain about meat (4)

Solution to Puzzle No. 4,070



ENTERTAINMENT GUIDE

هكذا من الأصل

THE ARTS

Ashcroft, Croydon

Winter Journey

by MICHAEL COVENEY

Apart from a revival at Hampstead some years ago of *Awake and Sing*, we have had nothing of Clifford Odets since Michael Redgrave scored a famous triumph in this play in 1952. Even *Waiting for Lefty* (1935), widely held to be the best American agitprop play, has never been done here. (Although, astonishingly enough, it is to receive its British professional premiere at the Croydon Warehouse next week.)

Winter Journey, known in America as *The Country Girl* and filmed under that title with Bing Crosby and Grace Kelly, is commonly labelled "a sentimental melodrama." While it is true that it does not have the cosmic ambitiousness of the earlier plays, it is nonetheless a supremely well-crafted piece, beautifully written, often very funny, and containing some of the best and most truthful marital rows I have heard on a stage.

The Country Girl is the loyal young wife of an alcoholic old actor, Frank Elgin, who is summoned by a whizz-kid Broadway director to fill the breach as a tetchy judge shortly before the show opens in Boston en route to New York. Will Frank make it, learn the lines, and keep off the bottle? And, more importantly, will his marriage survive this sudden jolt given to an ailing career by a director who believes in him because of past glory? The tensions are subtly distributed in the writing, with Frank and his wife playing off their worries and fears against the director and, away from the theatre, against each other. The piece is also a full-blooded backstage comedy, full of confessional heart-searching at the end of a long day's rehearsal, in the wings and on the road. All is resolved in a magnificently orchestrated climax in the Number One dressing room on opening night in New York.

Early on, there is a famous audition scene, where the director asks Frank to improvise on a given situation. In 1952, Sam Wanamaker and Michael Redgrave used to vary this scene each night, often with explosive results. That element of hair-raising surprise is missing from Joan Kemp-Welch's competent production for the Cambridge Theatre Company, but Laurence Payne is certainly successful at suggesting the actor's crumbling grandeur, even if he is less convincing in his married role. As his wife, Eleanor Bron is curiously miscast, but this does not prevent her from giving a performance of strength and sensitivity. Gallantry be blowed: she must do something about her hair. Those dark and tangled locks would be fine for Medusa but are wrong for a rustic bookworm whose life has been sacrificed on the altar of Frank's pickled egoism.

Fred Pusey's designs are, I am afraid, obviously intended to tour, and the production is not improved by the lowering of the curtain between scenes. Among the supporting cast, I enjoyed Leslie Glazer's rumbled, bad-tempered producer, and Monique de Sain's whining ingenue, who, quite rightly, receives the full brunt of Frank's fury when he lets rip on opening night. Nick Tate is fine as the director, although he has an odd habit of jumping in the air when cross.

Eleanor Bron and Laurence Payne

Covent Garden

Le Tombeau

Ravel loved beautiful little machines, exquisite clocks, finely-made automata. He would surely rejoice at Balanchine's realisation of *Le Tombeau de Couperin*, in Monday's New York City Ballet programme, which has just the same meticulous precision. Balanchine casts it for two quadrilles, each of four boys and four girls. They work for the most part in parallel so that, studying one half of the stage, one is aware without too close inspection of action going on in the other half—though, in fact, the reflection and interaction of the dance patterns is part of the delight of this fascinating, beautiful ballet. Ravel paid homage to the forms of the social dances of the 18th century and named certain numbers in *Le Tombeau* after a dance—Rigaudon, Forlane, Menuet.

It is this same imagery which informs Balanchine's choreography. The 18th century dance insisted upon the pre-eminence of floor patterns, and so does Balanchine: *Le Tombeau* is to be ideally viewed from above. Shapes form and break, as in a kaleidoscope, and re-form in constantly fresh lines, curves, squares. At moments—in the closing section—we are shown the clear links that lead from country dances of the past to the square dances of today. Admirably given by a cast of soloists and corps de ballet artists, *Le Tombeau* is a joy.

To those people who believe Balanchine to be concerned only with the coolest abstractions of human activity—a misapprehension which I trust this season will finally banish—*Meditation* must come as a great puzzle. It is a luscious duet for Suzanne Farrell and Jacques d'Amboise to a Chaikovsky violin solo of the most drenched emotionalism. It treats of a theme which has surfaced on several occasions in Balanchine's work: the appearance of an unattainable beloved, whom we have seen in *Night Shadow*, in the middle movement of *Piano Concerto No. 2*, even in *Bourrée Fantasque*, and arguably in the final moments of *Duo Concertant*. Farrell drifts in through the night to the kneeling d'Amboise like a figure in a dream, and like a dream-figure finally leaves him. The beauty of her presence, and of her dancing, is extraordinary; no less so the essential restraint of both artists' playing which illuminates this high Romantic encounter without cheapening a moment of it.

In the closing *Four Seasons* by Jerome Robbins I must note the excellence of the male dancing, which complements the fine performances of such artists as Stephanie Saland (lovely in "Summer" as in an earlier *Dances at a Gathering*) and Kyra Nicholls, the embodiment of spring-like grace. Nicholls' partner is the buoyant, elegant Daniel Duell; his companions, a merry quartet of danseurs, show just how high is the standard of male technique with NYCB now. And on Saturday afternoon, in this same ballet, Mikhail Baryshnikov appeared in "Autumn," in a solo of prodigious difficulty which he nipped through with grandest style, performing the impossible with complete insouciance.

CLEMENT CRISP

Albert Hall/Radio 3

Ensemble InterContemporain

Making at the Proms on Monday its London debut, the contemporary music ensemble belonging to IRCAM in Paris took the opportunity of introducing to this country Harrison Birtwistle's . . . *agm* . . . , for a choir of 16 solo voices (the John Alldis Choir) and an ensemble of woodwinds, brass, low strings, percussion, piano, and harps. The foreknowledge that both the inspiration and the verbal content of the piece were supplied by fragments of Sappho's poetry ("agm" is a fragment of the Greek word "agma," or fragment) may have led some people to expect music that is—well, fragmentary. A single hearing was sufficient to provide the assurance that this is not only characteristically tight-knit Birtwistle, but in many ways the biggest and boldest concert piece he has written so far.

I found . . . *agm* . . . a composition of great splendour, of dark, dramatic colour and barbaric solemnity, thrilling equally as "pure" music and for the encouragement it offers the ear to wander down imaginary paths of antique ceremonial. Following the first performance in Paris last April, Dominic Gill described the work at length on this page. My first impression was less of its detail—though the writing for voices and for contrasted instrumental groupings as piercing, louring, and resonant as in the best of Birtwistle tempts a lingering over many fascinating sound-inventions—than of the grand, purposeful movement of the whole. In the Albert Hall, where "architectural" music always sounds well, the effect was at times as though Machaut, Gabrieli, Stravinsky, and Messiaen had all collaborated on a motet in celebration of some lost or forgotten rite.

It is also a feast for a brave virtuoso choir such as the John Alldis, who will no doubt combine with local instrumentalists in the future; further explorations are necessary. If some of the vocal chording was passingly imprecise, the sense of both brazen brilliance and poetic mystery was all the same sharply communicated under Peter Eotvos' direction. In the first half, performances by the Ensemble of Berio's *Chemins II* (solo viola, Gerard Caussé) and of Patrick Martland's *Variants* were less striking, though the latter was an introduction to a young composer with an attractively refined and delicate sense of blended and contrasted timbres.

MAX LOPPERT

New Theatre, Cardiff

Tristan und Isolde

by MAX LOPPERT

Anne Wilkens, Linda Esther Gray, John Mitchinson and Gwynne Howell

Until last Saturday, *Lohengrin* (1962) and *Der fliegende Holländer* (1974) represented the sum of the Welsh National Opera's Wagnerian experience. So a first *Tristan und Isolde* was an immense undertaking. Saturday's performance, surpassing expectations already unreasonably high-pitched, afforded what is probably the greatest triumph in the company's short though already glory-crowded history. There is a brilliant new Isolde to enthuse over; there are aspects of the production to criticise. But because the company has had the good fortune to secure the services of Reginald Goodall, the greatest living Wagnerian conductor, the Welsh National *Tristan* is imbued with his peculiar and all-pervasive qualities, and these must be celebrated first. As Goodall is the most profoundly musical of Wagner conductors—must we call him the last profoundly musical Wagner conductor?—so this performance was the most profoundly musical elucidation of the opera in recent years.

Certain things about the reading were to be predicted: its visionary breadth; its resources of deep-welling orchestral tone; its arrival at climaxes graded with imperturbable ease and overwhelming in their majesty; its glow of tenderly unforced lyricism. The prelude alone deserves several paragraphs of close description—had we ever before heard those first statements of major themes more sentiently or less self-advertisingly imprinted upon our listening processes? Throughout a long and suffocatingly hot evening, there were reminders of the orchestra's inexperience in mastering the Wagnerian time-scale, moments of thinness and loose-knit ensemble by which to measure the suffused richness, the wide range of colours, the extraordinary confidence, of most of the playing.

What was less surely predicted was the massive vigour of Goodall's *Tristan*. The acoustics of the New Theatre throw one close up against the score; on Saturday, surging forward on a high tide of rhythmic energy, much of the first act came near to engulfing the senses. Though it took entirely different forms and achieved entirely different results, there was the same surge in the following two acts. In the second, an intensity of thought and feeling was sustained not only through the love music but through its cruel interruption. In the third, a slow gathering of forces joined the prelude and the *Liebestod* into one gigantic span. A sense of all-encompassing unity was not least among the myriad satisfactions and rewards of the performance.

Another Goodall hallmark, result of a long and devout period of preparing his singers, is the supremacy of the singing line. Bark and yowl are eschewed; beauty of tone is encouraged; apart from a passing imbalance at the start of Act 2, the voices do not have to struggle to rise above the full orchestral flood. Vocally, there are no serious weaknesses in the cast, though so far only one of its members rises to the occasion with the necessary splendour. This is Linda Esther Gray, and by the end of Saturday evening there seemed no reason why her Isolde, given further periods of playing-in and study, should not grace the stages of the wider operatic world. In her Scottish Opera and Coliseum appearances Miss Gray has already given frequent notice of heroic potentialities in her singing; even so, the security and stamina, the combination of fullness, warmth, and brilliance in the tone, the thrusting attack and freedom of the high notes, came as the happiest of discoveries. Towards the middle of the *Liebestod* determination was beginning to outweigh tonal beauty; by that stage Miss Gray had already fulfilled so many of the role's most exigent demands that the complete Isolde is not far away. Despite plain costuming, she looks the "schmucke Irin." She is alert; she listens; she responds; she understands the German words, and sings them eloquently.

John Mitchinson is a real *Heldentenor*. He, too, lasts out the evening with a stamina and tonal fullness not always to be counted upon from the most famous Tristans of the day (not that there are all that many). It is not Mr. Mitchinson's fault that neither by temperament, figure, nor acting ability is he equipped to provide the darkly romantic, tragic knight that would ideally partner Miss Gray's gleaming young princess; and one has every confidence that later performances will see an increase in ardour, and a firming up of those *mezza voce* phrases that tend to trail away at the ends. Another presence equally as alert as Isolde's belongs to Bent Norup, a tall Dane with the right sort of frank, forward baritone for Kurwenal. Only the undercurrent of tragic melancholy is lacking in Gwynne Howell's magisterial Marke. Anne Wilkens was not quite the Brangäne one had hoped for, too bunched in posture and not pure enough in timbre nor floated enough in tone. Mark Hamilton's lyrical sailor, Arthur Davies' strongly sung shepherd, and an unusually forceful Melot in Nicholas Folwell all do honour to the regular company, as does the brief offstage blaze of sailors in full cry.

It is a rare thing in contemporary Wagner performance to be able to leave until last any discussion of the production. This implies praise, and also a criticism. The best that can be said of Peter Brenner, the producer, and Klaus Teepe, the designer, is that they have created a frame for the players which for the most part leaves them free of constriction, and that their efforts do not impede the unfolding of a glorious musical discourse. It may be found surprising, however, that the Welsh National had to go as far afield as Bremen, whence producer and designer hail, for a production team whose merits are on this evidence mainly negative. A single set—a half-cylinder abruptly truncated by the proscenium arch—provides all three locations. The first act is played before a dun-grey sail, from behind which Tristan casts an improbable and unhelpful shadow prior to his first entrance. Mr. Teepe has not solved the weighty, not unmanageable problem of wigging and dressing Tristan so that he cuts a more youthful figure than his squire. The lighting of the second act is sensitive to the shape of the music, that of the final half-hour unduly fussy. For the occasion, the company has filled its programme book with meaty, thought-provoking essays; those from German sources appear to have been somewhat awkwardly translated.

Television

The first of the mountain men

by CHRIS DUNKLEY

Gathering together 250 delegates, critics, speakers and producers for a television festival amid the colour, dynamism and splendour of Banff National Park in the Canadian Rockies and then suggesting they stay indoors and watch 68 programmes in eight days is a little like asking a crowd of children to stay outside a circus tent and concentrate on their animal picture books while the lions and tigers perform inside. To request that they do this even through Saturday and Sunday seems almost intolerable.

Yet the first Banff International Festival of Films For Television which has just come to an end must surely count itself a success. Certainly delegates and even a few critics were observed taking raft rides down the Bow River, canoeing on Lake Louise, and swinging up the vertiginous cable railway to the 7,500-foot peak of nearby Sulphur Mountain to gaze down the dwarfing majesty of Sundance Valley.

But somehow they did also manage to pack the five morning seminars which were on subjects ranging from "Television Film Finance" to "The Documentary As A Social And Political Force"; to fill the viewing rooms for the afternoon screenings of competition entries; and in some cases even to go back, usually after an indecently large steak, to watch "retrospectives" in one of the Banff Centre's several impressively well appointed theatres late in the evening.

The question being asked before the event started was: "Can there really be any justification for yet another television festival?"

It turned out, however, that qualifications for competition at Banff were negative rather than positive: prizes totalling $10,000 were offered for programmes entered under the headings Features, Serialised Drama, Non-Serialised Drama, Social and Political Documentaries, Arts and Culture Documentaries, Travel and Leisure Documentaries, and Television Films For Children. The only qualification was that they should have been made at least 75 per cent on film; in other words videotaped programmes were excluded.

This was said to be the reason given by the BBC for not entering the festival at all and one can sympathise with their doubts. However, since Canada, the U.S., and Britain's commercial companies entered a great many programmes while Australia, Austria, Italy, Japan, New Zealand and Russia each entered one, and since the standard of the BBC's filmed productions would put them into the very top ranks of this festival (almost certainly winning some of the documentary categories and standing a very good chance in others, if only they had entered) it does seem in the outcome to have been a mistake to hang back.

The jury was headed by Sydney Newman, well remembered in Britain as the man who in the sixties ran first *Armchair Theatre* for ABC Television then the BBC Drama Group and was thus responsible for the production not only of *The Avengers*, *Dr. Who* and *The Forsyte Saga* but also for much of the school of social realism typified by *Cathy Come Home* and *Up The Junction*.

Now back in his native Canada working as Chief Consultant to the Canadian Film Development Corporation, Newman believes the industry is approaching the time when the diminishing distinction between cinema and television films may disappear altogether except in the case of a few mammoth cinema productions of the *Star Wars* sort. For evidence he points to the shrinking number of cinemas productions, the rising number of made-for-TV movies and the growing habit among producers of waiting for a television commitment "up-front" before even starting work on cinema films.

He could have pointed also to the outstanding success of the Italians in the last few years who have taken major awards at top cinemas festivals including Cannes with *Padre Padrone* and *Tree Of The Wooden Clogs*, two films which vividly evoke Italian peasant life and which were produced by Radiotelevisione Italiana (RAI) not primarily for the cinema but for television.

However, Newman's jury, which included his own some time protegé Verity Lambert, now head of the Thames TV company Euston Films, made the point about blurring distinctions just about as sharply as possible by choosing—absolutely rightly—to give not only the Features prize but the $5,000 "Best Film Of The Festival" award to *Ligabue*, the single entry from RAI which is as suitable for the cinema as its celebrated award-winning predecessors.

Directed by Salvatore Nocita and beautifully photographed by Roberto Gerardi it tells the poignant story of the Swiss/Italian painter Antonio Ligabue who lived as an outcast, mostly in a hut beside the River Po, and was only recognised and accepted as a worthwhile painter shortly before his death.

Since ABC, CBS and NBC, the three American networks are each investing about $80m a year in MFTs and producing a far greater number than any other country, perhaps it was inevitable that they should come up with an award winner in this category too: *The Jericho Mile*, a very competently made story from ABC about a prison inmate who reaches Olympic standard running around the prison compound. It did have the virtue of not quite fitting into any of the standard MFT categories mentioned during the seminars by one U.S. network official who split up what he called "the product" into: Formula Jeopardy Pictures, Disease Weepies, Nuns In Chains Pictures, and Predicament Stories. Some of us never quite identified the difference between Formula Jeopardy and run-of-the-mill Predicament Stories. . . .

The only British award winner was *Afternoon Off*, one of Alan Bennett's series of six plays for London Weekend TV, this one dealing with the attempts of a Chinese waiter in a seaside town to find the supposedly willing Iris. A wry, quiet, and acutely observed piece, produced and directed by Stephen Frears, it won the Non Serialised Drama category.

America's CBS won the Serialised Drama prize with *Blind Ambition*, yet another account of the Watergate scandal, this time from John Dean's viewpoint and using real names, which — astoundingly — makes the subject as gripping as did *Washington Behind Closed Doors* all over again. It will be shown in Britain.

The Social And Political Documentary prize went to the American programme *Sacred Straight*, showing the methods used by lifers in a New Jersey prison to intimidate teenagers in the hope of keeping them out of gaol. Canada's own renowned National Film Board won the Arts and Culture Documentary category with a lyrical half-hour look at the lives of prairie settlers seen through the eyes of a local poet and called *Wood Mountain Poems*.

NTV Japan was awarded the Travel and Leisure Documentary prize for *The North Pole*, an account of a Polar expedition using dog teams (supplied with dog food by motor sled!) and CBC/Radio Canada took the Children's Film Prize with Andre Melançon's non-patronising account of gang initiation tests *Les Epreuves D'Algin*.

The response to those questions about the desirability of yet another festival would seem to be twofold. First, if the aim was to prove that Canadian motion picture interests do not stop at the Montreal-Ottowa-Toronto nexus, but extend to oil rich Alberta in the Canadian west where Canada's 100 per cent motion picture tax exemptions apply as much as elsewhere, then the very first Banff Festival has done it.

Second, it will take another year to show whether participants want to repeat the experience but if the infectiousness of Alberta's raw enthusiasm is any guide, there seems little doubt that Banff could become North America's first important television festival.

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A new threat to SALT

PRESIDENT Carter is facing yet another dilemma, though this time it is not entirely of his own making. The revelation that there are some 2,000-3,000 Soviet troops in Cuba has come at a time when the ratification of the second strategic arms limitation treaty (SALT 2) between the Americans and the Russians by the U.S. Senate is still in the balance. If the troops are not removed, it is just possible that their presence will persuade sufficient Senators to vote against the treaty to prevent it from coming into effect. Ratification requires a two-thirds majority, which is by no means yet assured.

Intelligence

On the other hand, it would be unfair to blame Mr. Carter alone for matters which plainly go back to previous administrations. It seems quite likely on the basis of available information that a similar number of Soviet troops has been in Cuba possibly since the late 1960s and certainly since the mid-1970s. Their presence was not detected earlier partly because previous administrations had higher intelligence priorities—such as Vietnam, and partly because Mr. Carter suspended overflights of the island in an attempt to improve U.S.-Cuban relations in 1977. The general downgrading of the U.S. intelligence effort in the past few years—itself a consequence of Vietnam—may also have had something to do with it.

It has to be said, too, that the Soviet presence does not appear to infringe any known Soviet-American agreement. The Cuban missile crisis in the early 1960s led to the Russians agreeing to withdraw their nuclear weapons from the island and the forces associated with them, but there was no agreement about the presence of Soviet troops in general. The U.S. therefore is unable to demonstrate that the Soviet presence now is in breach of a treaty.

Fine distinction

There remains an argument about the purpose of the forces, though in fact it may be more semantic than real. According to Washington, the Soviet troops in Cuba belong to a combat brigade. According to Moscow, as stated by Pravda, their purpose is simply to train the Cubans to use Soviet material. The distinction may be a fine one. Forces which are there to teach others how to fight are presumably capable of fighting themselves, even if their numbers are sufficiently small as to make intervention outside Cuba exceedingly unlikely. Their most probable contingency role indeed would seem to be that of suppressing a limited rebellion against President Castro's régime, or at least of helping loyalist forces to do so. What is not in dispute, however, is that the troops are there.

For the U.S. Administration, as for the west as a whole, there are several reasons for concern. One is the failing of intelligence to make the discovery earlier. Another is that the Soviet presence in Cuba must make it easier for the Cubans to intervene in Africa and perhaps Central America, if only by providing training. Yet by far the most important is that the discovery now could jeopardise SALT 2.

Mr. Carter is not in the ideal starting position for a negotiation aimed at getting the Russians to withdraw. The Soviet Union is perfectly entitled to argue that it has broken no treaty and indeed that it has done nothing new in this context for several years. There is no obvious reason why it should bow to American pressure, except that it must have its own interest in securing the SALT ratification.

Opportunity

There is, however, one point which Mr. Carter could press. Until now the Administration has promoted SALT 2 solely on its own merits: namely that it is a treaty about strategic arms control and that it would be wrong to link it to Soviet-American relations in other areas. That is a dubious argument, not least because SALT 2 has so many loopholes that its effects on arms control will be severely limited. The best case for ratification would be that the treaty would lead to a more general restraint in Soviet behaviour. It may be too late to do anything much about the 2,000-3,000 troops in Cuba, but it is not too late to warn the Russians that similar intervention elsewhere or that any stepping up of the Cuban force will be unwelcome. That is the kind of approach that has been lacking in the Carter Administration. There is now an opportunity to provide it.

New accounting rules

THE NEW Government has taken full advantage of the flexibility given to it by the EEC Fourth Directive on company accounts. After some 15 years of discussions aimed at harmonising company accounting rules across Europe, the Directive as finally adopted lags behind the disclosure standards applied to all companies in the UK. Given that leeway, the Green Paper published yesterday has been pitched so as to give small companies—maybe 450,000 out of 600,000 limited companies in Britain—the maximum amount of freedom from disclosure.

As such, the proposals represent a significant change of direction in the general philosophy behind company law. In contrast with other EEC countries, there has until now been a unitary approach to company legislation in Britain — all limited companies, regardless of size, have been subject to the same rules with only one or two minor exceptions. In return for the privilege of limited liability, every company has been obliged to publish detailed accounts each year.

Three-tier

In contrast to this approach, the Green Paper proposes a three-tier structure of accountability for the company sector. Small independent private companies will be permitted to disclose significantly less information in their annual report and *accounts than at present*. There will be some consessions, too, for medium sized companies. But large concerns will have to meet more demanding requirements in areas where the existing practices are plainly inadequate—like disclosure of leasing and pension commitments.

The idea of allowing so many limited liability companies to reveal substantially less about *their affairs will make many* feel uneasy—especially when it is accompanied by dubious arguments about the need to protect the competitive position of small businesses. However the reality is that the limited liability form of business entity has come to be used in the UK by vast numbers of tiny concerns for which it is not appropriate.

So the first question to be tackled in the coming debate about the Green Paper is whether the proposed relaxation in the disclosure standards of small concerns will ease the burdens of entrepreneurs to any worthwhile extent. The pressures of the market place — notably from banks and major *creditors — will in many cases* force companies to go on producing accounts in their accustomed form. But they will not have to worry quite so much about new accounting standards and disclosure rules which are geared more to the multinational than the corner tobacconist.

Next it has to be considered whether the Green Paper goes far enough in tackling deficiencies in the current requirements for major companies. For instance, companies too often skate around the current rules for breaking down their business into individual sectors. The Green Paper suggests that such information should in future be subject to audit, but still seems to leave directors with too much freedom to decide about what to publish.

Finally there needs to be further discussion about the role of company reports. The Government has dropped a number of proposals put forward by the previous administration which were designed to cater for a wide range of users. These include statements about employment and international trade, neither of which is now thought to have a place in the structure of company law. That seems to *be going* back to the idea that a company is primarily responsible to its shareholders, rather than other groups like employees or customers.

Directors' duties

The Government is now considering how it might incorporate the range of directors' duties into statute law for the first time. While it is thinking along these lines, it might also examine ways of improving the accountability of important economic entities other than the typical industrial or commercial company for which the Green Paper is designed. Within the corporate sector, the present position of the banking, insurance and shipping sectors is anomalous: outside it, the position of powerful institutions like the pension *funds* or the trade unions merit attention.

THE PROBLEMS OF A HIGH POUND AND LOW PRODUCTIVITY

BY HAZEL DUFFY

British engineering faces a crucial period

THE NEXT couple of years threaten to be the most critical period for the engineering industry since the war. In the short term, recession in several of the world's markets, coupled with the strength of sterling, has put an end to the brief period a couple of years ago when Britain managed to claw back some of the international trade in engineering products (and when the pound was at a low).

The current industrial dispute is also starting to have a disturbing effect on production in certain areas at a time when prompt delivery could be a key determinant in winning new orders.

This declining competitiveness, which has been evident in the industry for most of the past decade, emphasises the need for engineering to make the jump into higher technology. But as yet there is little to suggest that this has been done on a scale which will prevent the long term decline of the industry. Nor are many companies likely to take such an expensive and risky step when their own rate of profitability is mostly too low for them to find the necessary funds.

The result is that Britain finds itself sandwiched uncomfortably between the low-cost developing countries and the high-technology—and therefore less price-sensitive—industry of the U.S., Western Europe and Japan.

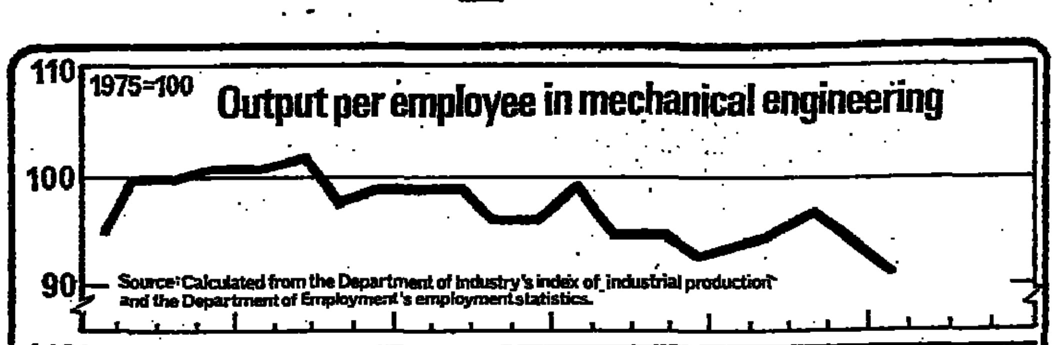
Whether one subscribes to the view that manufacturing industry has been in decline since the turn of the century, or that this decline is more recent, there is no doubt that the sudden increase in the exchange rate has played havoc with certain sectors of the engineering industry over the past 18 months. The chart shows what has happened to the export price of engineering products relative to those of our main competitors, which many companies point to the fact that this is also making the competition even more effective in the home market.

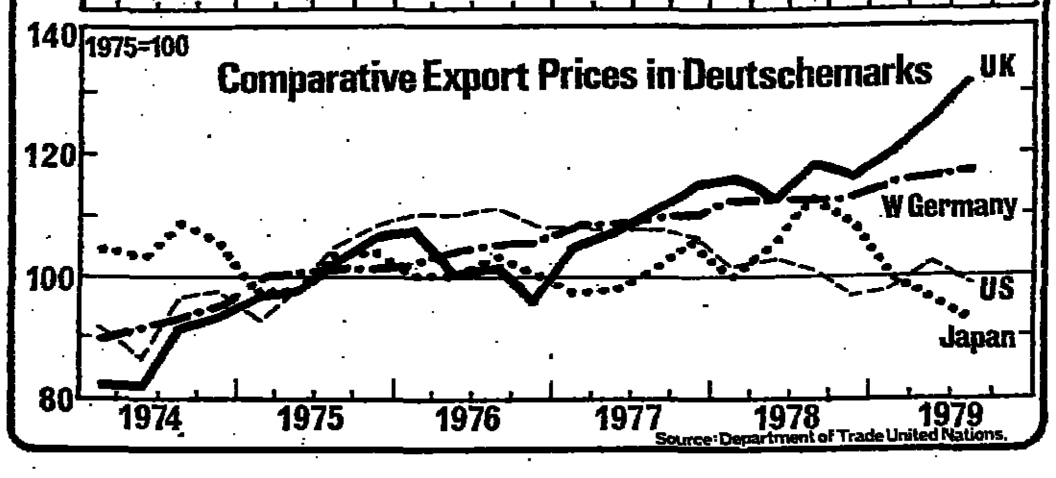
It is of course patently true that Germany—whose engineering industry is about twice the size of the UK's—and Japan have managed to succeed with strong currencies. The difference is that the very strength of their currency reflects the strength of their industry. In contrast, productivity of the UK engineering industry falls well below these two countries, while the higher rate of inflation, has largely cancelled out the low wage-rate benefits of the UK.

Engineering is a very diverse industry. Electrical engineering, generally speaking, can look forward to growing demand in the home market, and therefore a reasonably stable base from which to export. This is particularly the case with electronics. Much of mechanical engineering faces a more troubled period in the home market. Investment plans are expected to be postponed in the light of the forecast recession and the decline in corporate profitability. Although consumer goods are expected to remain relatively buoyant, the high incidence of imported consumer goods diminishes the benefits that this demand would otherwise bring to the components suppliers.

The intensity with which the industry is being affected by the strong pound differs considerably according to the product, the efficiency of the company, and the reputation held by that company in international markets. At one extreme are standard products, like most industrial fasteners, and standard bearings, which can be bought from the low-cost developing parts of the world and eastern Europe. GKN's decision to close such a factory follows the shift to the Far East of the *traditional nuts and bolts industry*.

Standard products are not necessarily all in the low technology category—if a company wants to buy a fairly sophisticated machine tool, for example, it can purchase from dealers who are importing from all over the world. At the other extreme, there are specialised products for which a particular company may be one of only a handful of manufacturers in the world.





Prepared to pay more

There are also companies which have the sort of high reputation which makes customers prepared to pay more—Gardner diesel engines, for instance, have a worldwide reputation, but they are certainly not the cheapest. Swiss engineering companies enjoy the reputation of making some of the best textile machinery, and indeed are virtually the only source for certain specialised types. In spite of being a high cost country, it exports 80 per cent of its engineering production.

But there are some products, which are technically very sophisticated, and enjoy growth markets, where price is still a crucial factor. Rolls-Royce, the aero engine group, is an example (in contrast to Rolls-Royce cars, where restricted supply outweighs price considerations). Three companies dominate the aero engine market—two American, and Rolls-Royce. The importance of General Electric and Pratt and Whitney, plus the huge buying power of the American aerospace manufacturers and airlines, means that much of Rolls-Royce's sales are dollar-denominated.

On its RB-211 contracts, for example, Rolls is being hit on two fronts. On existing contracts, it is being paid in dollars, while most of the materials and sub-contract work are paid for in sterling. When bidding for new contracts, the competition from the two American manufacturers is so intense that Rolls cannot afford to price its engines in order to compensate for the dollar/sterling exchange rate. Nor can Rolls afford to stand still with its existing product. Having convinced the Americans to put the RB-211 in the TriStar Rolls has to go on improving the engine's fuel consumption rate if it is to sell more in the U.S., and for that it has to finance the development costs.

Engineering companies supplying components to the aerospace and motor manufacturers have recognised for some time that they must lessen their dependence on the home market—as far as the motor industry goes, this becomes increasingly important. The decline of the British motor industry has been the biggest single blow to engineering in the past few years. Several of the larger companies have built factories overseas. GKN, for *example, is going ahead* with a second factory in the U.S., although most companies would not base a major investment decision on the exchange rate, those which have been able to get into the U.S. find themselves in a more fortunate position.

A considerable part of the component manufacturers' overseas sales, however, are still in the form of exports.

Mr. Geoffrey Darricote, export marketing manager of Lucas Electrical, for instance, admits that European customers are putting pressure on Lucas to bring prices down to European levels. In the U.S., the electrical division is hoping to gain contracts on some new car projects. At this stage, technology is the key consideration, but when it comes to agreeing contracts, the company admits that price will have a very important part to pay.

Non-price factors play a key role in exports. Delivery, reliability, quality, servicing back-up, and other considerations have often not been given sufficient attention by British industry. The increasing competition in engineering products during the 1970s has forced most companies to look much more closely at them. Mr. Michael Harding, marketing director of Coles Cranes (part of the Acrow group), makes the point that "we like to think we sell cranes and not price."

The company has made a huge effort in marketing, servicing and putting together financial packages, in order to compete in a tough industry. At the same time, it has improved productivity and made the company more efficient by standardising more of its products. These are all the points which it is hoped British industry will concentrate on in order to increase its export effectiveness. But in the end, Mr. Harding, and just about every other marketing director in the industry, agrees that "price is a fundamental factor."

Essential components

Price is not only a product of the exchange rate. Productivity is an essential component, even in *an economy where wage rates are* comparatively low. Yet productivity in the engineering industry has *declined* over the past year, in spite of the fact that the number of employees has also gone down. This is a reflection of the fact that much of the industry is working well below capacity, in spite of capital investment being at its highest point last year since the investment boom of the early 1970s.

A continuing level of overmanning in the industry can be traced back to the peak demand of 1973-74, when many companies were unable to produce enough. When the recession came, they were reluctant to slim down in anticipation of demand picking up again. For most of the industry, that upturn never fulfilled expectations. A number of companies will now find little alternative to making people redundant if they are to survive. Indeed, the process has already started.

Much of Britain's strength in engineering exports is in the low to medium technology category. Industries like construction equipment, mechanical handling equipment and industrial engines are high on the list of top export earners in the mechanical engineering sector. They also tend to be highly price-sensitive products, and ones where American companies have been more export conscious for many years than most U.S. industry. The pound/dollar exchange rate has given some of these companies a distinct competitive edge in third markets which can be supplied from the U.S.

Mr. John Allenby, joint managing director of Lansing Bagnall, the lift truck manufacturers, says: "In some countries, we are selling at prices which equate roughly to material costs alone. If we thought the pound was going to stay at this level, we would just have to stop exporting to these countries, which would mean making about 1,500 people 'redundant.'" Lansing Bagnall fails to see how it can upgrade the technology content of its product when it sees itself as already being at the top end of the lift truck range.

The U.S., with its huge home market, is by far the biggest producer of engineering goods. It has also proved an attractive market for many British companies over the past two to three years, particularly those which have supplied capital goods to the motor and aerospace industries. But these companies are being made increasingly aware that their prices are no longer competitive with domestic manufacturers.

At the same time, it is recognised that the American engineering industry, particularly heavy plant manufacturers, is looking for markets to replace Iran and that the dollar decline has made its prices very competitive. The loss of the Iranian market, and also the loss of business in Nigeria (although it is hoped this will come back) have been a severe blow to British engineering as well. One manufacturer says: "Iran was the icing on the cake." Before the revolution, it was taking 4 per cent of all Britain's engineering exports.

A less quantifiable result of the declining competitiveness of the industry in Britain is that some of the American-owned *multinationals*, which are important in the British engineering scene, are looking at the UK from a new perspective.

Companies like Massey Ferguson and International Harvester, which, together with Ford, make Britain one of the biggest producers of tractors in the world, are concerned at the effects that the value of the pound is having on their exports.

Together with the increasing interruptions to production—both MF and IH suffered long strikes in Britain in the past year, in addition to the current national engineering dispute, and have also lost production because of strikes at component suppliers—the pound represents another blow. If Britain's loss of competitiveness looks like being irreversible, the chances of the UK attracting major new engineering investment projects will be slight.

Exporting problems

The sudden rise in the value of the pound has certainly hit the engineering industry at a difficult time. Every company agrees that exporting becomes increasingly difficult. International competition, already toughening with the developing countries entering the market at the lower end of the product scale, has been heightened by the effects of the oil crisis on world economic growth. The quickening pace of technological change, particularly the application of electronics to mechanical processes, has already left much of the industry in Britain behind the developed world.

The vast majority of companies, however, are not saying that the Government should do something about the exchange rate—even assuming that it could. They would prefer to get into the "virtuous circle"—higher productivity leading to low inflation, which results in a higher exchange rate and therefore cheap imports—of the German and Japanese, in spite of the fact that it will be a painful and for some, a fatal process.

MEN AND MATTERS

Roar of dissent from the Fens

"Michael Edwardes," concedes the MG Owners Club, "is going to be a tough nut to crack." But the two Bentley brothers, Martin and Roche, who devote themselves to running the 11,000-strong club—based in a commuter village just outside Cambridge—are confident that Sir Michael has seriously underestimated the brand loyalty of MG owners. They are also sure the enthusiasts would respond to a £25 to £30 levy to help raise between £250,000 and £500,000 they have offered to BL to carry on making MGs at their Abingdon plant.

"The phones haven't stopped ringing today," says Martin Bentley, 26, who owns two MGs (his brother has three). "The news has really stirred the MG fraternity. They're talking about petitions and rallies and blocking the traffic in Piccadilly. I don't think there's any other production car that has quite such a following . . . I'd like to get off the line now because I'm on the radio and I want to listen to myself."

The Bentleys' quixotic gesture, together with their new-found celebrity, both seem—sadly—destined for a footnote in the history of Leyland. BL's attitude is a firm "thank you, but no, thanks." A spokesman for Jaguar Rover Triumph said the principal market for MGs was in North America, where losses ran "into millions," increasing wildly in the last four months because of the strong pound. However touching the MG-owners' loyalty, said the spokesman, relatively few sports cars were sold here: "The market is largely second-hand, vintage or veteran MGs, which doesn't help us with our mainstream market."

But the word in BL (there are admittedly many words at the moment) is that the MG badge will not, as rumoured, adorn any future Anglo-Japanese vehicle.

"If the licence goes up to £35 we'll change to black and white."

Rude pictures

Erotic pictures by Pablo Picasso on show in the Palazzo Medici-Riccardi in Florence have been ruled by the local authority as X-certificate material. The president of the province, Franco Rava, a socialist, has decided that the 10 drawings painted by Picasso are "unsuitable" and has banned the room in the Palazzo where they are exhibited to anybody under the age of 18.

Rava apparently claims he has nothing against pornography as such, but that he has simply followed official guidelines aimed at protecting Italian adolescents. His initiative has inevitably caused some controversy, although to some extent it appears consistent with the thinking of Pope Paul IV some centuries ago who ordered Daniele da Volterra to clothe Michelangelos Figures in the Sistine Chapel with underpants. The Holy Father has since gone down in Italy as the "braghellone," or in English "the big breeches."

Although Signor Rava's moral *zeal may be* motivated by the most worthy of intentions, his critics have not been slow to point out that one of the unsuitable drawings is effectively the subject of the poster advertising the exhibition throughout the walls of Italy. It may now be necessary to put little bits of tape on these posters to hide all the more questionable parts of the drawing.

Geoffrey's joke

In all the speculation about who is to be the Treasury's new chief economic adviser, it has been overlooked that Sir Geoffrey Howe, the Chancellor, also needs a new joke writer.

Yesterday he opened a speech at the American Chamber of Commerce in Mayfair with the one about the Englishman giving a speech to a Japanese audience. Before speaking the Englishman bowed, and was greeted with loud applause. Encouraged by this he bowed again, only to be met with a stony silence. Howe's host explained to him that the audience liked short speeches.

That was Sir Geoffrey's joke. It went down very well. It also went down well on October 25, 1977, when he told it at a lunch held by the London Chamber of Industry and Commerce.]

Floor power

The City waits in hourly expectation of a hard hitting defence document from Spillers designed to fire its shareholders with iron determination to repel the marauders from Dalgety. Until yesterday all that had appeared were cartoons of Fred the flour grader ambiguously saying "not today thank you."

Yesterday, however, alterted by interested spies who had seen the messenger leaving Spillers, I tore open a slim envelope from Spillers. Could this be it? Alas no. But it did announce that Mario and Franco, the Italian restaurant chain owned by Spillers has diversified into industrial catering. Its first customer? No less than Spillers' own office staff at New Malden.

Mario and Franco, the document says, secured the contract against "strong competition." Naturally, the rest of the release concerns the decor of the dining room at New Malden with its "delicate balanced colour scheme of pastel shades" and "abundance of potted plants."

So far, however, no sign of figure-crammed defence document with a powerful profit forecast and an irrefutable claim to be the nation's top flour-men.

Bombe surprise

The collective nose of the nuclear industry is still twitching after an unsavoury assault in the famous Banqueting Rooms in Whitehall on Monday night. At a reception thrown by the Uranium Institute, a young man in a white suit and a beard seized the microphone from the band and began to harangue the merrymakers with Cassandra-like words: "A speaker at your conference last year warned you that the opposition to nuclear energy will not go away," he intoned.

The last despairing words the audience caught as he was ushered offstage were to the effect that we are all doomed. He then pedalled off down Whitehall, leaving, however, a souvenir. After his departure the obnoxious—and incidentally very toxic—vapour of hydrogen sulphide slowly suffumed the hall. It was not quite strong enough to make anyone leave, but enough to put nuclear noses out of joint. It was traced to a small bottle the interloper had apparently opened and left behind.

Waterfront news

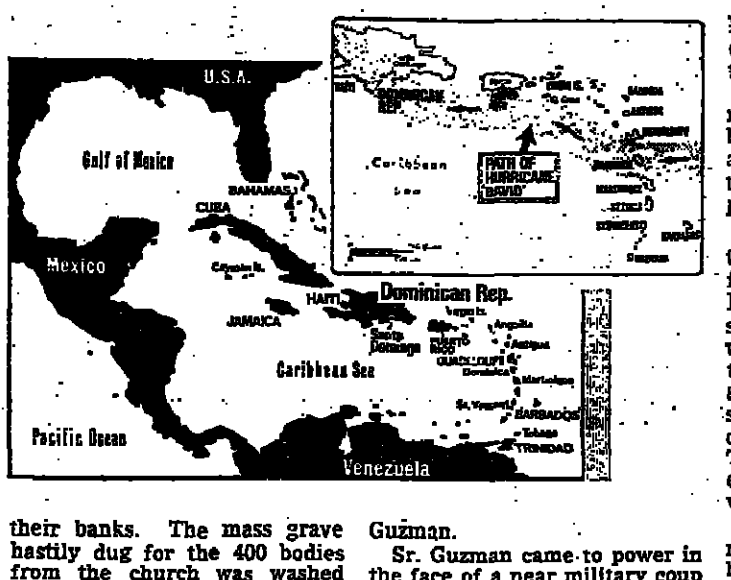
Lest it be forgotten that other countries are not immune to strikes, I must report the latest piece of graffiti in France: "Dieppe dockers rule—au quai."

Observer

هكذا من الأجل

The aftermath of Hurricane David ● Reports from Dominican Republic and Dominica

A sorry view from the palace



THE DAMAGE wrought by Hurricane David in the Dominican Republic is clearly visible from the most incongruous of places: the house which belonged to the country's former dictator Rafael Trujillo. Several hundred poor people, whose wooden shacks with corrugated iron roofs were smashed to pieces by the hurricane, have taken over the sumptuous four-storey house which before the hurricane was a tourist attraction. They are camped out on pink, black and green marble beneath crystal chandeliers amid hand-carved mahogany furniture. They cook food in large communal pots in the spacious rooms and hang up what few clothes they still have in the private chapel.

The landscape viewed from the top of the house which is perched on a hill overlooking the devastated town of San Cristobal, 20 miles from Santo Domingo, is surreal. As far as the eye can see there is mile after mile of uprooted palm trees and flooded fields.

Immediately below the hill are the scattered remains of the huts which housed the peasants. Beyond that is San Cristobal itself with its crumbled church in the main square, which caved in killing 15 people, and streets littered with fallen trees, mangled telegraph poles and cables, street and shop signs and all manner of debris. The poor rummage among the debris.

Twelve days after the hurricane, which caused at least $1bn worth of damage, killed over 1,200 people and left 500,000 refugees, the country is still reeling from its effect and the people still look shell shocked.

San Cristobal was lucky compared to other areas further inland. At one place a church collapsed killing 400 people who had taken refuge inside.

First the country was pounded by the hurricane with winds of up to 150 mph and then the country suffered a tropical storm for almost a week which caused rivers to swell and break their banks. The mass grave hastily dug for the 400 bodies from the church was washed away. Bodies are still being found floating in rivers.

For the first time since the hurricane the normally blistering sun has struggled out this week, albeit intermittently, and people in the capital of Santo Domingo, which was not too badly hit, attempted to return to something approaching normality.

Little trucks are back chugging through the narrow streets loaded with bananas of which there is an abundance at the moment as they were all blown to the ground. But soon there will be none for the banana and sugar plantations are destroyed, the rice fields flooded to excess and the coffee and cocoa plants ruined.

The final death toll will not be known for some time. Reports coming back from areas cut off except to U.S. military helicopters, often piloted by Vietnam veterans, are sketchy. The helicopters, one of which plummeted to the ground last week killing four people, are flying in rations.

In one fell swoop the hurricane blew away most of the achievements of the first year in office of President Antonio Guzman.

Sr. Guzman came to power in the face of a near military coup to overturn his democratic victory against the 12-year dictatorship of Sr. Joaquin Balaguer and has started to liberalise the country. But he must be wondering what effect the destruction will have on his plans.

In the last year the president has succeeded in weeding out the military interventionists and put them out to pasture in diplomatic posts, cleansed the corrupt bureaucracy a little, brought more order into public spending, spent more on improving education and health, started to boost agricultural production, begun to realise the country's tourism potential and restored political and Press freedom.

It would be alarmist to say that the hurricane has destroyed all these achievements—particularly over the military—but it is fair to argue that the damage to the economy is so great that this must inevitably affect the country's still fragile political structure.

President Guzman has had an uphill task throughout the year which has not been helped by the serious strains and bickering with his Dominican Revolutionary Party—partly due to a rather autocratic side to the president's character.

In such times of disaster it is normal for differences to be buried and for everyone to rally around the hand of State, but this does not appear to be happening.

Last week the Senate rejected the President's request for a free hand in running the crisis. His bid for unstipulated special powers provoked the wrath of his party which pointed to the danger of raising the spectre of the previous dictatorship. There was only one vote cast in favour of the powers. The MPs made it clear that they expect more consultation and will not be overriden.

The sugar crop, which is the main export, was harvested before the hurricane but still could be lost: damage to sugar mills and storage space has not yet been estimated. The next harvest in November may be lost if the rains persist.

The economy has been sliding continuously since 1974. It has been hard hit by the OPEC price increases and depressed world sugar prices. Last year GDP growth was 3.6 per cent as against the average 5.3 per cent between 1974 and 1977 which in turn was half the average increase in GDP of 10.5 per cent from 1968 to 1974.

The hurricane has ground the economy to a halt and put ports like Haina from where the sugar is exported out of action. Twisted cranes, containers and a sunken ship are all that is left.

Last year's trade deficit of $185.3m was the highest ever. Oil imports accounted for $190m of the total import bill of $858m. The current account deficit was $377m. The public foreign debt was $880m.

The World Bank had projected before the hurricane that this year's trade deficit would be slightly less; the current account deficit about $400m and that GDP would grow by 4.3 per cent. The hurricane has overturned these estimates. Unemployment before the hurricane was about 25 per cent.

The government had started to plan a development policy to stimulate growth, particularly agricultural production, in order to compensate for the crippling oil bill. Its three year public sector development plan for 1980-82 set a growth goal of 5.5 per cent for GDP, 6.1 per cent for exports and the creation of 56,000 new jobs a year. This is now pie in the sky.

William Chislett
Dominican Republic

The people of San Pedro de Marcoris, Dominican Republic, struggle through flood water last Sunday.

From lush green to brown

TWELVE DAYS after the onslaught of Hurricane David, the most intense storm the Caribbean has experienced this century, the island of Dominica remains, in the words of the Prime Minister, Mr. Oliver Seraphin, "a complete disaster area."

The scene that greets those visiting the devastated 290-square mile island is even more horrific than the vivid photographic coverage which the Caribbean Press has devoted to the calamity in recent days can portray. Normally a lush green, particularly at the height of the rainy season as it is now, Dominica has been stripped of all of its vegetation by David's 150 miles an hour winds. Looking down on it from the light aircraft which are constantly ferrying in relief supplies, it presents an eerie sight—the rugged terrain brown and seemingly parched, almost every building roofless.

On the ground, the situation is no more comforting. In Roseau the badly-hit capital town, an estimated 90 per cent of the buildings have been damaged in some way. Well over half are roofless. The Barbados Fire Insurance Company, a subsidiary of Eagle Star, which had as much as $7m cover in Dominica is preparing for claims of well over half that amount.

There is still no electricity supply, no telephones and no piped water. It will probably be months before the services are even partially restored.

The people are still walking around shocked, as if in a daze. Hundreds have already started to seek refuge in neighbouring islands and have quickly been referred to as the Caribbean's "boat people." Mr. Seraphin has appealed to western countries to accept a quota as genuine refugees.

Aid has flooded in from all quarters—from Britain, Canada, France, the Organisation of American States, the U.S. and Caribbean countries. The non-aligned conference in Havana, at which Dominica had observer status, has pledged over $2m.

However, the Government has been ill prepared to handle it. The result has been rampant looting almost as soon as supplies arrive and a threat from contributing governments that they would be withheld until order is restored. The Government, in response, has declared the only airport at Melville Hall, 40 miles from Roseau, a restricted area and placed troops there while enforcing a dusk-to-dawn curfew in the capital.

There are those who believe that, in such a small community, looting was as effective a way as any to ensure that supplies reached everyone. They are not so sure that the Government, an interim all-party one which came to power only three months ago after a prolonged political crisis which led to the overthrow of former Prime Minister Mr. Patrick John, is competent enough to handle the situation.

Mr. Seraphin has also spoken about demolishing most of Roseau, a town ramshackle even by Caribbean standards, and starting from scratch. It has been done before following natural disasters in the Caribbean. Castries, the capital of St. Lucia, was rebuilt after a huge fire in 1948.

However, it is an operation which will take careful planning and Dominica, which only became independent of Britain last November, is acutely short of expertise. The aid which is given to the new island-nation, one of the poorest in the Caribbean, will need to be carefully co-ordinated and distributed.

The short term requirements are pressing and obvious. Essential services need to be restored, the people fed and sheltered, the roads cleared and efforts made to restore the economy, based as it is on the banana, citrus and coconut crops. But the long term needs are equally important.

Mr. Seraphin has indicated that financial aid totalling $250m will be required to get Dominica back on its feet, a figure based on preliminary estimates from experts from international funding agencies, principally the Caribbean Development Bank. However it will take months, even years of careful strategy to determine the magnitude of David's vengeance.

As Mr. Seraphin has put it: "We now have an island and its people, virtually nothing more. We will have to build it back from scratch."

Tony Cozier
Dominica

Letters to the Editor

Pension schemes

From Mr. Robin Ellison.

Sir,—I have for some years been involved in the attempted formation of a pension fund building society. I therefore read with wry cynicism your front page article by Michael Cassell today ("Building Societies May Borrow from Institutions, September 10) on the possibility of building societies borrowing funds from, *inter alia*, pension funds.

I mooted the notion of a pension fund building society just after the Finance Act, 1975, s.6 came into effect, which allowed pension funds to reclaim tax paid on interest received from building society deposits. Having spent some years as a solicitor involved in residential conveyancing and being also involved in the establishment of new funds, it became clear that many smaller funds were willing even if the return was not the best available, to leave money on deposit with a building society.

It soon became evident that building societies were not interested in takintg their funds. Pension fund money is regarded, like company money, as being "hot" subject to the vagaries of market fluctuations, and liable to be withdrawn when the slower machinery of building society rates failed to respond to the hardening of market rates.

It was therefore suggested that a pension fund building society would offer major advantages. These are:

1—If investors are limited to exempt-approved pension funds, interest could probably be paid gross;

2—Overheads can be cut drastically, since no high street premises are needed, no commissions need be paid, and all depositors are large ones;

3—A higher interest rate could therefore be paid;

4—Mortgage applications limited to those made through solicitors and estate agents would streamline procedures.

There was only one drawback, that of lending long and borrowing short, but that was one suffered by all societies.

Discussions with the Registrar of Building Societies about the establishment of a pension fund building society have, however, over a number of years, proved unprofitable. The Registrar is adamant that such a society, borrowing only from pension funds and lending to private borrowers, cannot be a building society, under the Building Societies Act, 1962, s.1. I am not of that opinion, but there are always two sides to every legal argument.

The depressing aspect of the negotiations was not that the Registrar failed to interpret the Act correctly; but that even if an action in the High Court for a declaration that such a society was eligible for registration were successful, the Registrar would, he intimated, arrange for legislation to be introduced to reverse the effect of such a declaration. I may add that at no stage during the negotiations did the Registrar encourage the establishment of such a new society, though being fully aware of the attitudes of existing societies.

The change of heart of the building societies is to be very much welcomed. If they seek advice from the Registrar, however, I fear that any progressive ideas for raising new funds from an obvious source are likely to be received with lukewarm enthusiasm. As it is, the societies and the Registrar are behind the times; pension funds will not now lend to building societies unless interest paid can match the market rate.

A new breed of financial institution is required to service the needs of private borrower and institutional investor. Such an institution does not yet exist in the United Kingdom, but is being promoted within the next 12 months. To those who consider this unwelcome, be they private borrower or pension-fund lender, the experience of the Danish ATP (2nd tier) national pension fund should be satisfactory assurance. Ninety-two per cent of the assets of ATP are invested in real-estate bonds floated by Danish 1st and 2nd mortgage credit associations approved by the Danish Government. There is no doubt that in the next 12 months the system of housing finance in this country will start to follow suit.

Robin Elison.
13, Imperial Towers.
Netherall Gardens, NW3.

Direct labour

From the Regional Organiser, Union of Construction, Allied Trades and Technicians

Sir,—I would like to reply to correspondence from Malcolm Hoppe (August 29).

I think your readers should know that the Brent Direct Labour Building Department operates as two separate entities. Firstly there is the Housing and Maintenance Department which is responsible for the repair and maintenance of council properties. Secondly there is the Building Capital Works Department which competes with private enterprise for major contracts within the London Borough of Brent and it is this department which is being criticised as a result of the Auditor's report.

I would like to point out that four of the five contracts referred to in the Auditor's article were carried out by labour only sub-contractors, i.e. after the Direct Labour Department had won the tender for these contracts they sub-let the contract trade by trade to labour only sub-contractors. All these contracts exceeded the tender price and their finishing date, so the allegations of low productivity and inefficiency against the Brent Direct Labour Force was totally unfair and should be levelled against private enterprise sub-contractors.

I would also like to point out to the readers that there are many other contracts being carried out for the London Borough of Brent by major companies which are household names in the construction industry, all to my knowledge have exceeded their tender price and their finishing date. So much for private enterprise.

I would welcome any investigation or inquiry into the Direct Labour Department and feel confident the blame for excessive cost would be placed on senior management and sub-contractors and that the Direct Labour Force would be exonerated and compare favourably with the private side of the industry.

Those of us in the Labour and Trade Union Movement have come to accept this sort of criticism from the Aims of Industry but feel that they have an obligation to your readers to make some effort to ascertain the facts and not make misleading and incorrect statements.

J. Flavin.
11-13 Essex Road,
Dartford,
Kent.

Cheque charges

From Mr. Gordon Hafter

Sir,—There has been some correspondence recently on the problem of collection of Euro cheques. Your readers may be interested in the following.

My son, who is working in Switzerland, wanted to buy something before his return from holidays here and asked me to provide the money. In exchange, he gave me a cheque for £250 on his Swiss Bank which, incidentally, has a branch in London. It took five weeks and a cost of £3.50 to collect this cheque and as, for other reasons, there was already for part of the time, an overdraft on my account, the lack of this £250 for that period, increased my interest payments also.

Had he returned to Switzerland, as he did some eight days after giving me the cheque, and there remitted the same sum from his post-cheque account to my National Giro Account, as has happened on other occasions, I would have had the credit in this country eight days after he filled in the transfer in Switzerland (i.e., sixteen days in all, after the loan) and the net cost would have been nil, since the Swiss Giro system charges nothing for international transfers.

Half the time and all of the collection charges would have been saved and people still question the need for the National Giro system.

G. H. Hafter.
49, Church Street,
Old Isleworth, Middx.

Employment fictions

From Mr. G. Eedle.

Sir,—Speaking from the point of view of the person who, after waiting for 30 or 40 minutes, has failed to get on to the Clapham or any other omnibus, or goes to a station and sees notice boards proclaiming that owing to staff shortages, certain trains have been cancelled, I hope I may be forgiven for failing to understand the unemployment figures.

As Mr. Peter Riddell points out in his article on Saturday, there is continuing strong demand for skilled and professional workers. The shops in the High Streets, the hotels and restaurants, the builders, and above all the Post Office are continually short of staff. Window cleaners and gardeners seem almost to have disappeared. I am told that the building trade, milk roundsmen and others cannot find suitable apprentices because school leavers are so lacking in the three Rs, ordinary good manners and the capacity to work hard that they fall below the minimum standard required to start training them.

Does the Department of Employment know about this? If so, can it give the unemployed school leavers crash courses in the three Rs and other necessary instruction as a condition of paying out taxpayers' money in unemployment benefit, and fit them for apprenticeships and junior work in offices and shops? I have heard of Government retraining schemes. Can the organisers of these not discover where the needs are for skilled people to fill the vacancies?

In former days one often saw a small notice in a shop window reading "Smart boy wanted" or something similar. The custom of recruiting staff in this way appears to have returned with a slight difference. Such a notice last year in this area read: "Young person wanted as trainee. Must have smart appearance, good telephone manner and be willing to learn."

Such vacancies are rarely notified to employment offices. Perhaps this is the reason for the drop in notified vacancies?

To the person waiting endlessly in bus queues because of the shortage of crews, or waiting more than a week for an important letter posted first class to arrive, the unemployment figures just sound fictitious.

G. Eedle.
35 Stilehall Gardens,
London, W4.

Facts of life

From Mr. A. Spedding

Sir,—Mr. Nottage (September 10) seems to be unable or unwilling to recognise two simple facts of life (and pensions). First of all, all pension benefits have to be paid for by someone at some time, and secondly, any contribution made now, however inadequate, will reduce the final cost.

Mr. Shucksmith's view (September 1) that long-term costs will increase if a change were made from a funded basis to a pay as you go approach, is correct whether or not the fund earns a real rate of return. Provided the fund earns some interest, no matter how inadequate in relation to increases in benefits, then this will provide some offset to the future costs of the benefits.

Of course, it is preferable for the fund to earn a real return, and thus avoid contribution rates of the order of the 32 per cent and 50 per cent to which Mr. Nottage refers, but without any funding the contribution rates required at some stage will be even higher.

A. Spedding.
Dolphin House,
New Street, Salisbury

The third airport

From Mr. B. Williams.

Sir,—With reference to Mr. J. Lukies correspondence (September 5) concerning the future of Stansted Airport. It is about time that this parochial view of the future be ignored, and that our government takes the decision to develop Stansted. We need a third airport and Stansted, which is already an international airport could quickly and cheaply be developed to fit the bill. For too long in this country small vociferous groups have blocked progress to satisfy their own narrow minded interests, consequently the national interest has not been served and our progress into a modern technological nation is being blighted.

But perhaps some of the facts concerning Stansted past should be put into the correct context. The airport of the 1964 inquiry was indeed a major project. Four runways, large terminals and all the other urban development that would have been associated with what would have been the UK's No. 1 airport. Heathrow would have become the No. 2, mostly inter-UK flights. If one reads Roskill carefully, Stansted would have been one of their short listed sites had it not been for the previous inquiry, it should be remembered that Roskill was looking for the same four-runway site.

Today's inquiry involves a two runway airport number three to Heathrow and Gatwick. Stansted fits the bill. It is already an international airport, the land required for the second runway, to the east of the present one, is not rich agricultural land but caravan parks, light industrial sites, etc. The number of people affected by the noise foot-print of the new generation of quiet jets can be counted in hundreds rather than thousands. The new developed Stansted would offer employment to many thousands of people, thus bringing prosperity to the area.

B. Williams.
11 The Paddock,
Harston, Cambridge.

First-day cover

From Mr. Maurice J. Swift

Sir,—Mr. A. Lynch (September 1) complains that a First-Day Cover of the Rowland Hill anniversary stamps, posted in Liverpool, took seven days to reach Wirral 10 miles away. As a keen philatelist, I believe his censure is misplaced. He should be more concerned with the fact that "as a convenience to customers" (the words of a Notice displayed at my local post office) letters bearing the Rowland Hill stamps, posted in the special boxes from August 22 to August 29 would receive "first-day cover" treatment. If this nonsensical idea is adopted for all future special stamp issues it will not only devalue the covers but kill the goose that laid the golden egg so far as the Post Office is concerned.

Maurice J. Swift.
30, Ash Tree Way,
Shirley,
Croydon, Surrey.

Metric measure

From Mr. B. N. Sefton-Forbes

Sir,—The June 1979 issue of the Monthly Digest of Statistics published by the Government Statistical Service contains equivalent values of metric and imperial measurements.

Page 174 shows that one metre is equivalent to 0.09361 yards, while one yard is equivalent to 0.9144 metres.

I knew metrication was difficult, but this makes it impossible!

B. N. Sefton-Forbes,
"Jahlcel,"
Gloucester Road,
Lower Swainswick,
Lower Swainswick, Bath.

Today's Events

GENERAL

UK: Zimbabwe-Rhodesia constitutional talks continue, Lancaster House, London.

Statement on Post Office by Sir Keith Joseph, Industry Secretary.

Mr. Wilfried Martens, Belgian Prime Minister, in talks on European Economic Community with Mrs. Margaret Thatcher at 10 Downing Street.

Gas workers of National and Local Government Officers' Association consider industrial action on pay claim, Mabledon Place, WC1.

Overseas: Financial Times two-day conference "Korea in the 1980s" opens in Seoul.

Sig. Francesco Cossiga, Italian Prime Minister, meets trade union leaders in attempt to avert widespread unrest.

International Monetary Fund team in Lisbon talks with Portuguese Government to discuss new standby loan.

Queen Margrethe and Prince Henrik of Denmark begin state visit to China accompanied by Mr. Henning Christoffersen, Foreign Minister.

COMPANY MEETINGS

Amalgamated Distilled Products, North British Hotel, Edinburgh, 12. B. Elliott, Savoy Hotel, W, 12.15. Hollas Group, Altrincham, 11.

COMPANY RESULTS

Final dividends: Matthew Clark, Robert M. Douglas, Maynards. Interim dividends: Allen Harvey and Ross, Babcock and Wilcox, BSR, Carpets International, Desoutter Bros. Interim figures only: Burmah Oil.

OFFICIAL STATISTICS

Survey of short-term export prospects (to the first quarter 1980).

Bowater holds £42.7m and sees improvement

THE STRONGER pound combined with an estimated £2.5m loss because of the disruptions of the winter's weather and national transport strike, curbed Bowater Corporation's taxable profit growth to less than 0.5 per cent in the first half of 1979.

For the six months, profit was £42.7m, against £42.5m, on sales up from £788.5m to £829.2m. Lord Erroll of Hale, the chairman, points out that with exchange rates on a comparable basis, the underlying advance was around 11 per cent.

Looking ahead he says that he expects the improvement in operating profit to continue throughout the second half, and subject to any further change in the exchange rates, this will be reflected in the full year figures. For 1978 profit was a record £90m with paper and pulp accounting for some 59 per cent of operating profits.

With the tax charge lower at £21.7m (£23.1m) stated earnings per £1 share for the half year were ahead 0.7p to 10.7p, from which is paid an increased net interim dividend of 4.25p (4.06p). The total for 1978 was 10.831p.

Second quarter profits in most of the group's UK companies were better than a year earlier, but as indicated when announcing a price rise in July, the strengthening of sterling and imports has made its newsprint operations in this country increasingly unprofitable.

Lord Erroll states that the group's mills are a reliable and indigenous source of newsprint for UK publishers and he believes the newsprint operations are efficient.

In North America, however, demand for its newsprint has continued to exceed supply causing inventories to be substantially reduced. All Bowaters mills there operated at capacity during the first half and the company is raising its price by $20 a ton from November 1.

The new machines in Tennessee will be being operating in October as planned. Despite the recession in the U.S. the chairman is confident that all the company's machines will run full throughout 1980.

The pulp mills in the U.S. and Scandinavia are operating to capacity at greatly improved prices, he reports.

Bowater's cotton trading activities are having a disappointing year, due principally to the weakness of the dollar, but its other trading interest, including those based in the Far East, have performed well. Bowater recetnly acquired a group of companies engaged in general trading throughout the Far East. On the property side it has sold an office investment in Paris for FFr 95m, which was above book value, and disposal of its interest in Mercantile Industries in the U.S. released $30m. An investment in a small glass concern has also been sold.

The proceeds of these sales have been used to reduce borrowings, which, together with conversion of £12m of loan stock, has substantially improved the group's gearing.

After £4.3m (£4.2m) to minorities and preference dividend payments of £0.1m (£0.2m), the attributable surplus emerged £1.6m higher at £16.6m.

Profit was struck after lower depreciation of £15.9m, against £16 m, and net interest payable of £13.9m (£11.8m).

See Lex

HIGHLIGHTS

Lex looks at the half-time figures from Bowater in which a strong upturn in the U.S. paper market has been offset by currency effects and a £2½m loss from the UK haulage strike. Reckitt and Colman has produced lower profits of £25.2m, against £31.6m, mainly due to a sharp downturn in the U.S., but the dividend is raised by 43 per cent, cushioning the blow to the share price. Standard and Chartered's profits are up from £71.6m to £86.2m mainly due to substantial increases in far eastern business and a first-time contribution from Bancorp. Elsewhere, comments are made on the inside pages on the latest figures from Amber Day, Ofrex and Pentos. Also the latest shots are fired in the Berwick Timpo battle.

Ofrex picks up in second quarter

THE SHORTCOMINGS of the first three months at Ofrex Group were more than made good in the second quarter, and taxable profits for the first half of 1979 emerged ahead at £2.59m against £2.46m. Profit for the whole of 1978 was a record £4.92m.

Mr. George Drexler, the chairman of this office supplies manufacturer, feels it would be unwise to express an optimistic picture for the full year, but he is confident that results, "will do credit to our organisation."

The chairman explains that the difficult start at the beginning of the year was due to the transport strike and bad weather conditions.

Sales for the six months amounted to £22.6m compared with £20.2m previously, and pre-tax figure took into account the effect of substantial exchange losses on overseas operations, based on June 30 exchange rates.

The net interim dividend is increased to 1.4p (1.18p) per 20p share—last year's final payment was 2.39p.

After first half tax of £1.34m (1.24m) and the cost of the interim, £232,000 (against £195,000), the amount retained emerged unchanged at £1.01m.

	First half 1979 £000	1978 £000
Sales	22,598	20,175
Pre-tax profit	2,585	2,455
Tax	1,340	1,242
Interim dividend	232	195
Prev. year adjust.	—	5
Retained	1,013	1,013

● comment

Exchange losses have cut deeply into the pre-tax profits of the Ofrex Group, the company has produced interim earnings only 5.3 per cent higher than last year, on a 12 per cent higher sales figure. Although the group's activities at home have been reasonable, it has experienced real problems with its overseas operations, which account for some 31 per cent of group turnover. The transport strike and harsh weather naturally affected first quarter performance, but it was the group's American, Australian and Canadian interests which significantly damaged the first half. The U.S. staple manufacturing operation was in loss in 1978; the market must now have grave doubts about whether this activity will return to profitability in 1979. The Australian company improved somewhat, but like Canada, is faced with stiff competition from low-cost producers. The interim dividend has been put up 18.6 per cent and the market, which may have expected a greater dividend increase and certainly could not have been pleased with the overall showing, sent the share down 8p to 124p. The immediate future is unclear for Ofrex and based on the showing so far, caution should be the byword.

Reckitt & Colman declines to £25.2m at midway

The strength of sterling, strikes in the UK and the U.S. and disappointing results from North America hit Reckitt and Colman, the consumer products combine, in the six months to June 30, 1979. Taxable profits fell from £31.6m to £25.2m on sales ahead from £303.8m to £324m.

But the Board says that most of the company's other major markets remain strong in their own currencies.

The directors add that the full year results are very dependent on sterling exchange rates. However, subject to reservations about North America, they are confident their businesses in other areas of the world will on local currency terms show their strength. Last year their group turned in a taxable surplus of £61.3m.

The interim dividend per 25p share is being lifted from an equivalent 2.5p net to 3.5p and the directors expect to raise the year's total by 43 per cent—from 5.9266p to 8.5p.

Stated earnings per share, adjusted for the share-split, are down from 13.5p to 9.9p on attributable earnings of £12.19m (£16.91m).

In the first half the group recorded an exchange loss of £4.12m. This compares with a profit of £460,000 for the first half of last year and a loss of £4.1m for the whole of 1978.

The taxable profits from the North American operations slumped from £5.02m to £30,000. But the directors say second half profits should recover.

They add that the strike at the Springfield plant at the beginning of 1979 resulted in loss of business and exceptional costs which have not been recouped.

Morton Quality Products made a loss of some $2m in the first half and there will be a further loss in the second half during which time production will be transferred from the Morton-Norwich plant at Carol Stream, Illinois, to their own plant at Springfield.

In the UK taxable profits fell from £5.23m to £4.04m, after deducting exports of £1.54m (£3.68m). The directors say that domestic sales in the second quarter of 1979 improved but were not able fully to regain sales lost, as against budget. In the first three months of the year. They achieved a 14.4 per cent increase over the first half of 1978, which reflects a remarkable recovery, although this was only achieved with reduced profit.

The board says the greatest problem was felt in export. The most significant difficulties arose with shipments to Nigeria and other parts of Africa which were some £2m down on the first half of 1978, very largely due to the company's inability to obtain import licences.

Recently order books for this area have been much more encouraging and the group expects to see export sales significantly improved in the second half of 1979, although it will not be able to restore export profit to 1978 levels.

	First half 1979 £m	††1978 £m
Sales	323.85	303.76
Trading profit	28.37	33.81
Interest payable less other income	3.16	2.18
Profit before tax	25.21	31.63
Tax	11.40	12.85
Profit after tax	13.81	18.78
To minorities	1.54	1.79
Preference dividend	0.08	0.08
Earnings attrib. ord.	12.19	16.91
Exchange loss	4.12	†0.48
Profit attrib.	8.07	17.37

† Profit. †† 1978 figures restated to include Chile (£0.63 pre-tax profit).

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amber Day		1.96	Nov. 13	1.43	2.8	2.16
Bowater	int.	4.25	Nov. 7	4.06	—	10.83
Brit. Am. & Gen.	int.	†0.22	Oct. 4	—	—	1.95
Cosalt	int.	1.3	Jan. 3	1	—	2.29
S. W. Farmer	int.	3.07	Dec. 3	2.79	—	8.34
L.K. Industrial	int.	*1.5	Jan. 2	1.45	—	2.9
Lyon & Lyon	int.	2.5	Oct. 31	2.5	—	6
Magnolia	int.	0.6	Oct. 1	0.31*	—	1.74*
Merchants Trust	int.	1.5	Oct. 29	1.25	—	3
Ofrex	int.	1.4	Oct. 27	1.18	—	3.57
Pentos	int.	1.4	Oct. 11	0.81*	—§	2.51*
Reckitt & Colman	int.	3.5	Jan. 4	2.5	¶	5.93
Staffs. Potteries		3.57	Nov. 7	3.15*	5	3.16*
Stewart Plastics		4.36	Oct. 31	1.97	6.23	3.12
Standard Chartered int.		10†	Nov. 2	8.5	—	16.21**

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 1.75p final forecast. § 4.025 total forecast. ¶ 8.5p total forecast. || Special interim. ** For nine months.

SUITS on target at £9.1m

COMPARED WITH the forecast of £8.96m made in April at the time of the Lonrho offer, profits before tax of Scottish and Universal Investments reached £9.11m for the 12 months ended March 31, 1979, against a restated £6.94m previously.

The accounting period of the company, now controlled by Lonrho, is being adjusted to fall into line with Lonrho's September 30 year-end. Consequently, no accounts for the March 31, 1979, year will be issued.

Turnover advanced from £69.76m to £89.93m. After tax of £1.39m (£1.7m) and extraordinary debits of £601,000 (£286,000), attributable profits were up from £4.96m to £7.12m.

Stated earnings per 25p share were higher at 24.82p (16.86p). Consideration of a final dividend has been deferred—the interim was 3.25p net. Previously, payments totalled 7.26p.

In future, it is not intended to circularise separately the company's results.

	1978-79 £000	1977-78 (restated) £000
Turnover	89,931	69,761
Profit	8,804	6,385
Printing, publishing, bookselling	5,709	3,779
Whisky	2,532	1,897
Engineering	501	378
Other trading	62	328
Holding company	234	439
Associates' share	71	98
Profit before tax	9,109	6,940
Taxation	1,390	1,695
Net profit	7,719	5,245
Extraord. debits*	601	286
Attributable	7,118	4,959

* Comprises £1.016m (£0.786m) estimated costs of reorganisation of printing and publishing interests, net of gains on disposal of related properties, after tax of £1.625m (£0.31m); plus £0.305m. costs relative to 1978 Lonrho bid and to the Monopolies and Mergers Commission investigation: less £0.72m recovery of part of loan to Amalgamated Caledonian. The costs of reorganisation of the printing and publishing interests include provision for expenditure still to be incurred amounting to £1.399m (net of tax of £1.488m). Previously, reorganisation costs were charged, as they arose against profits before tax; comparative figures have been restated to reflect the new treatment.

Acquisitions boost Amber Day

INCLUDING RESULTS from the Crombey group of menswear retailers, and boosted by further acquisitions, turnover of Amber Day Holdings expanded from £17.23m to £26.13m for the year ended April 30, 1979, and taxable profits rose to a record £1.8m against £1.16m.

At halfway profits had risen to £978,000 (£615,000), and the directors said that with an increased order book the group should turn in record earnings for the full year.

They now say they are hopeful that the rise in manufacturing sales, coupled with the opening of a number of major retail stores and the reorganisation of the ladieswear retail divisions, following the acquisition of the Randall Fashion Group, will enable the company's steady progress to be maintained in the current year.

Earnings per 10p share are shown as 8.61p against 7.27p and the dividend is increased to 2.8p (2.1618p) net with a final payment of 1.9625p.

In order to bring the share capital into line with the funds employed in the business, the Board proposes to write up the shares' nominal value to 20p. And it is propsed to create 2m £1 preference shares, which will be used to fund moneys expended for the Randall acquisition, and the group's expansion programme.

	1978-79 £000	1977-78 £000
Turnover	26,131	17,218
Ladieswear	21,200	17,218
Crombey group	*4,931	—
Trading profit	2,016	1,206
Ladieswear	1,380	1,206
Crombey	636	—
Finance charges	214	45
Pre-tax profit	1,802	1,156
Tax	422	275
Net profit	1,380	881
Extraord. debit	—	111
Minorities	25	—
Pre-acqui. profits†	252	—
Attributable	1,103	770
Dividends	412	‡251
Leaving	691	519
Acquisition costs written off	$483	57
Forward	906	698

* Includes £2.68m prior to acquisition date November 28, 1978. † Of Crombey Group. ‡ After £11,000 waivers. § After £990,000 written off against capital reserve.

A professional revaluation of group properties, showing a surplus of £990,000, has been incorporated into the accounts.

● comment

Amber Day's full-year results contain no surprises. Profits are 56 per cent higher but after stripping out the Crombey acquisition, the underlying growth is 15 per cent before taking into account the increased interest charges. The main reason for this somewhat less than sparkling performance is the depressed level of West End trading (40 per cent of retailing sales), which has been hit by the drop in the number of tourists. Since the year end, trading has continued to be difficult, with the latest VAT increase only making matters worse. However, Amber Day still has a few cards to play. Apart from new openings and the reorganisation of the ladieswear retail division following the Randall acquisition, it plans to introduce a customer credit scheme to coincide with the October tax cuts. At 50p, up 4p, the shares sell on a p/e of 5.6 while the yield is 8.3 per cent—an unexciting rating reflecting the uncertain outlook.

Increase for Metropolitan Trust midyear

Pre-tax revenue of Metropolitan Trust Company, a wholly owned subsidiary of Guardian Royal Exchange Assurance, increased from £1,806,376 to £2,266,240 for the first half of 1979. Net asset value at halftime was down at 121.8p, compared with 127.2p, after deducting prior charges at repayment values.

The net interim is raised to 1.448p (1.206p) and there is a special interim this time of 6.032p.

Gross revenue for the six months was £2.35m (£1.85m) and the tax charge amounted to £913,966, against £718,664.

BRITISH AMERICAN & GENERAL

British American and General Trust is paying a 0.217p special net interim dividend on October 4 as a result of the special distribution by Shell Transport and Trading, to be paid on October 1.

RESULTS IN BRIEF

JONES, STROUD (HOLDINGS) (fabrics, accessories and material manufacturer for textile and electrical industries)—Results for the year to March 31, 1979, already reported. Group fixed assets £7.16m (£7.56m). Net current assets £3.33m (£2.29m). Meeting, Nottingham, on October 18 at noon.

BENN BROTHERS (business journal and directory publisher)—Results for year to June 30, 1979, reported August 9. Fixed assets, £1.56m (same). Current assets, £5.14m (£4.02m) and liabilities, £2.86m (£2.2m). Meeting, 25, New Street Square, EC, September 27, at 12.30 p.

WAGON INDUSTRIAL HOLDINGS—Results for year to March 31, 1979, already reported. Fixed assets, £9.03m (£8.05m). Net current assets, £8.04m (£7.13m). Chairman is retiring after annual meeting and will be succeeded by Mr. P. Kinnear. Meeting, Birmingham, September 27, at 11 am.

LONDON AND GARTMORE INV. TST.—Results already known. Listed UK investments at market value £3.34m (£1.85m), listed abroad £1.74m (£2m). Current assets £0.35m (£1.76m). Current liabilities £98,000 (£0.52m). Meeting, Registered Office, St. Mary Axe, EC, at noon on October 3.

WIGGINS CONSTRUCT—Results for the year to March 31, 1979, already known. Group fixed assets £1.55m (£1.52m). Net current assets £3.05m (£2.34m). Meeting, Thundersley, on September 28, at noon.

GRIMSHAWE HOLDINGS (DIY, specialist paints, chemical products)—Results for April 30, 1979, year reported September 4. Group fixed assets £416,085 (£1,176,600), net current assets £737,376 (£608,590 liabilities). Bank overdrafts £227,167 (£1,447,064). Liquid funds increased by £1,042,419 (£300,989). Midland Bank holds 29.8 per cent of share capital. Meeting, Leeds, October 4, noon.

VICTOR PRODUCTS (WALLSEND)—Results for year to April 30, 1979, with full preliminary statement reported August 23. Fixed assets, £3.31m (£1.51m). Net current assets, £3.68m (£3.15m). Meeting, Hebburn, Tyne and Wear, October 3, at 11 am.

UNITED BRITISH SECURITIES TRUST—Results for year to June 30, 1979, already reported. Investments, £34.35m (£30.32) with valuation, £75.19m (£75.87m). Prudential Corporation holds 9.86 per cent of share capital. Meeting, 83, Cannon Street, EC, October 9 at noon.

OWEN AND ROBINSON (jewellers and silversmiths)—Results year ended May 31, 1979, reported August 7. Group fixed assets £280,926 (£287,536). Net current assets £374,430 (£343,226). Meeting, York, October 4 at 3 pm.

HOWARD TENENS SERVICES (distribution and engineering)—Results for year ended March 31, 1979, already reported with prospects for current year. Property, plant and equipment, £12.34m (£14.34m). Net current assets, £1.92m (£2.13m). Meeting, Swindon, September 27, at 11.30 am.

ANGLO AFRICAN FINANCE—Pre-tax profit for six months to January 19, 1979, £87,809 (£124,504). Tax £17,040 (£24,701). Earnings per share, 0.77p (1.08p). It is the board's intention to recommend dividend similar to last year when results for full year are known. Results include dividend of £39,359 (£72,635) declared by Dewhurst and Dent of which AAF held 45.46 per cent at January 19 this year.

DIAMOND STYLUS COMPANY—Results for year ended March 31, 1979 already reported. Fixed assets £477,389 (£402,115). Net current assets, £412,599 (£419,241). Meeting, Llandudno, September 28 at 12.30 pm.

CROSSFRIARS TRUST—Results for June 30, 1979, year already known. Investments at valuation £12.4m (£10.4m). Current assets £719,000 (£414,000). Current liabilities £303,000 (£279,000). Meeting Crosby Square EC on October 4 at noon.

£2.5m factory for Hymatic

WORLD WIDE demand for Hymatic Engineering's aerospace products has led the company to invest in a £2.5m first-phase factory at Redditch, Worcestershire. A further £2m will be spent in the next four years.

The eight-acre site at Moons Moat industrial estate will enable Hymatic, a member of the Huntleigh group, to increase production by 50 per cent over its cramped old town premises. But computerised machines and equipment mean few more jobs will be added to the labour force.

ISSUE NEWS

Two new Jersey based funds launched

BY TIM DICKSON

Two new Jersey based funds, aims are to provide a capital return to investors roughly in line with interest rates generally, are being launched this week. They are the Britannia Capital Deposit Trust and the Brown Shipley Sterling Capital Fund, which will both invest primarily in short-term money market investments like trade bills and certificates of deposit.

The funds are identical in concept to several others which have been set up in the last three to four years and which are believed to have taken in at least £200m. The idea is particularly attractive to high individual taxpayers and corporate investors seeking a safe short-term home for their money.

Britannia's issue is of more than 5m and Brown Shipley's for up to 1m participating Redeemable Preference shares of 1p each at £10 per share. Participating redeemable preference shares resemble unit trust units in that they may be issued or redeemed at asset value for cash on any subscription day.

Britannia says its objective is to improve the capital value of the assets of the trust while at the same time providing a high degree of security and ready availability of funds.

Britannia envisages that a high proportion of its assets will normally consist of money market instruments and fixed interest investments denominated in sterling, with a maturity date within nine months of the day they are purchased. The return on these will result from the increase in their value as they approach maturity.

Brown Shipley's fund will be invested in "prime quality short dated sterling money market instruments and other fixed interest securities, particularly Government stocks."

Companies and individuals who subscribe to these funds, and to others which have already been launched, are likely to be attracted by the tax effective method of investing their money. UK investors will be liable in respect of gains or disposals to capital gains tax (if individuals) or to corporation tax at the reduced rate applicable to chargeable gains (if companies). Dividends of both funds are expected to be under 1 per cent of asset value.

Brown Shipley's annual charge is ⅝ per cent of the asset value of the fund while Britannia's (like many of the similar funds) is 1 per cent.

Both prospectuses state that clearance has been given by the Inland Revenue under Section 464 of the Income and Corporation Taxes Act (1970) (Cancellation of tax advantages from certain transactions in securities). They go on to draw attention to Section 478 of the same Act, under which UK residents could, in certain circumstances, be rendered liable to income tax in respect of undistributed profits of their funds.

Clive Hambro gilt fund launched

Clive Investments and Hambros Bank have linked up again, this time to launch a new Jersey gilt fund. Called the Clive Hambro Gilt Growth Fund it will operate like a unit trust and is designed to appeal to high taxpayers in the UK who might otherwise put their money into low coupon British Government securities.

There are already a number of offshore high income gilt funds but Clive and Hambros claim their new fund is the first of its type to have capital growth as its principal objective. Dividends will be low—of the order of 3½ per cent per annum—and will be payable at the end of February and August each year.

The new fund will be managed by Clive Investments (Jersey) which will be jointly advised on investment policy by Clive and Hambros. This will be to take advantage of upward movements in gilt prices and to avoid as far as possible investment in the market downturns by liquidating the portfolio in whole or in part.

Yearlings

The coupon rate on this week's batch of local authority yearling bonds is up from 12¼ per cent to 13¼ per cent. The bonds are dated September 17, 1980 and issued at par.

This week's issues are: City of Bristol (£1.5m), London Borough of Hillingdon (£1m), West Dorset District Council (£0.5m), City of Salford (£0.25m), Kirklees Metropolitan Borough Council (£0.25m), Wycombe District Council (£1m), Wigan Metropolitan Borough Council (£0.5m), Cannock Chase District Council (£0.5m), Cleveland County Council (£0.5m), Hastings Borough Council (£0.75m), City of Sheffield (£1.25m), Borough of Tamworth (£0.25m), Woodspring District Council (£0.25m), Greater London Council (£2.5m), City of Leeds (£0.5m), Hereford City Council (£0.5m), Newark District Council (£0.5m), City of Manchester (£1.75m).

The Rhymney Valley District Council is raising £0.25m by way of 13¼ per cent bonds due on September 8, 1982 at par.

WATES OFFER

Eastbourne Waterworks Company's offer for sale by tender of £2.75m 8 per cent Redeemable Preference Stock, 1985, attracted applications for £9,237,900 of stock.

The lowest price to receive a partial allotment was £101.1. The average price obtained was £101.81.

Dealings will start to-day. Brokers to the issue are Seymour Pierce and Co.

YORK GREEN

Yorkgreen Investments' rights issue announced on August 1 was successful, with 91.05 per cent of the new shares taken up by existing shareholders. The rest have been placed through the market.

At the AGM, the chairman stated that the level of turnover and profitability for the first four months was substantially in excess of that for the corresponding period in the previous year.

Standard Chartered up 20% at six months

INCLUDING A net positive contribution from Union Bank, acquired in April this year, Standard Chartered Bank lifted taxable profit by more than 20 per cent from a restated £71.64m to £86.2m, for the first half of 1979. Net new provisions for bad and doubtful debts were maintained at £21.7m.

There was a substantial rise in profits from the South East Asia and the Far East, especially Hong Kong, and Africa showed a satisfactory growth. However, UK results were hit by lower activity and narrower margins in both sterling and other currencies and by high interest costs in consumer finance, the company states.

Stated earnings for the half year were ahead at 50.8p (41.8p) and, as forecast at the time of the May rights issue, the net interim dividend is stepped up to 10p (8.5p). A 7.7061p final was paid last time for a nine-month period when profit reached £122.6m.

	Half year 1979 £000	1978* £000
Trading profit	74,991	60,792
Share of associates	11,204	10,843
Pre-tax profit	86,195	71,635
Tax	42,767	36,856
Net profit	43,428	34,780
To minorities	6,789	5,406
Extraord. debit	649	644
Attributable	36,590	28,731
Dividend	8,639	5,874
Retained	27,951	22,857

* Restated.

Union Bank was part of Union Bancorp Inc. which Standard bought for a total of $376.6m cash.

Group trading profit for the six months reached £74.99m (£60.79m) and the share of associates results was up from £10.84m to £11.2m.

Tax was up at £42.77m (£36.86m). There was an extraordinary debit of £649,000 (£644,000) and after dividends costing £8.64m (£5.87m) retained surplus rose from £22.86m to £27.95m.

The company, reverting to an earlier practice, is writing off the goodwill relating to Union Bank. The goodwill of £81m, based on book values, is expected to be reduced by some £10m following revaluation of Union's properties currently being completed.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allen Harvey and Ross, BSR, Babcock International, Biddle Holdings, Carpets International, Danish Bacon, Desoutter Brothers, Evered, Expanding Metal, A. A. Jones and Shipman, Petrocon, Rockware, Thomas Tilling.

Finals: Matthew Clark, Robert M. Douglas, Meynards, Northern Industrial Improvement Trust.

FUTURE DATES

Interims—

Federated Land and Building	Sept. 17
Laporte	Sept. 21
Rowntree Mackintosh	Sept. 19
Simon Engineering	Sept. 17
Unicorn Industries	Sept. 20
Ward White	†Sept. 21
Waterford Glass	Sept. 25
Finals—	
Harrisons Malaysian Estates	Sept. 19
New Central Witwatersrand	Sept. 26

† Amended.

Record £0.47m by Ian Yates

Profits of Ian Yates, the "Sovereign" cash and carry group, advanced from £392,885 to a record £466,878 for the year ended April 30, 1979, on turnover of £8.9m.

Tax charge was well up from £99,318 to £218,713. Reserves to carry forward were some £0.25m higher at £1.35m.

Investments are shown in the accounts at £192,311, compared with a market value at April 30, 1979 of £387,111. Net assets increased from £1.2m to £1.74m.

The company is a private independent concern.

Yorkshire General bonus up

A 25 per cent increase in the rates of terminal bonus on UK with profit contracts is reported by the Yorkshire-General Life Assurance Company, the life subsidiary of the General Accident Group. The new rates apply to all death, maturity or vesting claims from September 1, 1979.

On individual life policies, the new rate is £10 per £1,000 of sum assured and attaching bonuses for each year in force, less the first three years, subject to a maximum of 30 years. The previous rate was £8 per mille. On pension policies, the rate is lifted from 10 per cent to 12½ per cent of all declared and interim bonuses.

Mr. Norman Graham, the assistant general manager, stated that this increase in terminal bonus, reflected the strength of the company's underlying investment portfolio. It would further improve the competitive position of the company's with-profit contracts especially the pension plans for the self-employed.

The company previously increased its terminal bonus rates almost two years ago.

DARES ESTATES

Dares Estates' £450,000 rights issue has closed with 5.6 per cent of the 2,286,745 new 10p ordinary shares not taken up by shareholders.

Acceptances were secured from all institutional shareholders. The remainder of the outstanding stock was placed by the underwriters, stockbrokers Halliday, Simpson and Co.

Stewart Plastics advances

After lifting taxable profits from £1.51m to £2.1m Stewart Plastics is doubling the total net dividend to 6.2332p for the year to April 30, 1979, with a final payment of 4.9578p. There is also a three-for-two scrip issue.

The profits increase—which included £143,423 surplus in sale of investments and interest received £266,177 (£167,865)—was made on turnover ahead from £6.27m to £7.45m.

After tax up from £711,763 to £933,614 stated earnings per 25p share are 25.7p, against 17.5p.

At midway the group, which makes plastics products for domestic, horticultural and industrial purposes, lifted the taxable surplus from £747,879 to £929,588.

Optimism at Moorgate Mercantile

Turnover for the first quarter has been higher than in any quarter of the preceding year, says Mr. Julius Silman, chairman of Moorgate Mercantile Holdings, in his annual statement.

He adds that the outlook is encouraging notwithstanding the high cost of money, and he is confident the company can look forward to another year of continued growth and increased profits.

Mr. Silman points out that because of the low-gearing—interest-bearing borrowings to shareholders' funds at the year-end were under 1:1—they are largely cushioned against the effects of high interest rates.

Last year the group's pre-tax profits rose from £205,360 to £304,392 on turnover ahead from £3.3m to £4.6m. The balance sheet shows amounts due under instalment credit agreements less provisions of £3.9m (£2.8m).

Meeting, Great Eastern Hotel, EC, on September 18 at noon.

Star Offshore blames loss on lack of N. Sea activity

BY RAY DAFTER, ENERGY EDITOR

THE LACK of exploration and development work in the North Sea were largely blamed for the big loss suffered during the past financial year by Star Offshore Services, an independent British offshore group.

As part of a "support operation," the company is raising up to £4m in unsecured loan stock to help it over its loss-making and cashflow problems.

The company reported a pre-tax loss of £1.3m for the year to March 31, against a £2.1m profit. Star Offshore said its cash and cashflow problems had arisen because it had been over-optimistic about prospects for North Sea activity.

The group, whose marine services are involved in support for the offshore oil and gas industries, said in a letter to shareholders that last year it had ordered two new ships costing £6.1m in the expectation that around £2m could be financed out of cashflow during 1978 and 1979.

support vessel and diving markets, particularly in the North Sea, and profitability was adversely affected by the consequent decline in charter rates."

Shareholders are told that on August 24, Star Offshore was running bank overdrafts of £4.78m. Cashflow forecasts indicated that the group would have a peak cash requirement of slightly over £6m by May 1980, before taking account of the company's bank facilities.

Consequently, the company was issuing £4m in 10 per cent convertible unsecured loan stock which had been privately placed by the company's stockbrokers, Cazenove and Co. In order to raise just the minimum amount of capital necessary to deal with current liquidity problems only £2m was being initially placed with a group of founder shareholders, in particular Blue Star Line and Rivermoor Management Services.

Other steps being taken included the arrangement of "In the event trading became very difficult owing to over-supply and under-demand in the £3.8m overdraft facilities with the group's two principal bankers, Clydesdale and Barclays, the possible disposal of one or more of Star Offshore's ships (out of a fleet worth about £29.4m) and further operating economies.

Even then Star Offshore warns shareholders that it expects to make another substantial loss in the current financial year and a further deficit may be expected in the succeeding year.

But, the letter states, the company had an established trading position in the North Sea and a well-balanced fleet capable of supporting exploration, development and production work and providing diving support services.

"With the proposed injection of subordinated capital, the company will survive, succeed and recover profitability in its North Sea support services."

Staffs. Potteries little changed

WITH SECOND-HALF taxable profits almost maintained at £781,000 against £805,000, Staffordshire Potteries (Holdings) ended the June 30, 1979, year little changed at £1.24m, compared with £1.21m. The dividend is effectively raised by 58 per cent to 6p, with a final of 3.87p net.

Mr. Bill Bowers, the chairman, says trading ended on a buoyant note enabling the group to recover substantially the ground lost due to bad weather and industrial unrest in the early months of its second half.

But for these disruptive factors, and significantly higher interest costs partly incurred by maintaining operations throughout the period, a greater increase in profitability would have been achieved, he states.

Sales increased from £10.82m to £12.09m. The interest charge was up from £35,000 to £262,000, net of interest relief grant of £20,000 (£102,000).

Tax was reduced at £169,000 (£202,000) and stated earnings per 25p share rose by 0.5p to 19.1p.

On group prospects, the chairman says expenditure in the past year of £850,000 on new plant and equipment and the resultant productivity gains anticipated therefrom will, to some extent, assist in offsetting difficulties arising from present sterling exchange rates.

He says that as demand and trading conditions remain unsettled, margins will continue to be under pressure in the immediate future. The response to new 1980 product ranges has been favourable and capital investment and product development programme will be maintained.

Short-term borrowings have passed their peak and will reduce during the current year.

There were extraordinary debits of £63,000 (£25,000) arising from the exchange adjustment in translation of the Canadian subsidiary's net assets. After a £6,000 (nil) minority loss and dividends costing £281,000 (£175,000), the retained surplus fell from £512,000 to £743,000.

Last year's figures have been restated for the change in accounting policy relating to the introduction of depreciation of freehold buildings.

S. Farmer rises to £561,000

Pre-tax profits of S. W. Farmer rose from £403,000 to £561,000 in the first half of 1979 on turnover ahead from £6.39m to £7.03m. The directors say that the bulk of work was on exports and they have a substantial backlog of orders.

But they add that orders in the home market have not been easy to obtain and they can see no likelihood of improvement in the remainder of the year.

The interim dividend is being raised from 2.79p net to 3.069p. Last year the group paid a total of 8.34p after making taxable profits of £1.05m.

Tax for the half-year takes £291,000 (£261,000) and stated earnings per 25p share are 11.61p (10.36p). The dividend absorbs £71,000 against £65,000, leaving the retained surplus up from £177,000 to £199,000.

The board adds that capital spending is continuing at a high level, and they have been devoting considerable effort to broadening the base of their activities.

The group manufactures structural steelwork and platework.

Lyon & Lyon expands in first half

On turnover up from £3.5m to £4.97m pre-tax profits of Lyon and Lyon expanded by £154,792 to £398,616 for the half year ended June 30, 1979.

Profit for the whole of 1978 had fallen slightly to £622,000 (£636,000).

Six months' profit figure was struck after interest of £26,275 (nil) and was subject to tax of £140,000 (£10,000).

The directors of this company, which is a Ford main dealer, vehicle repairer, and shipbuilder, etc., say that the loss at Knottingley yard is running at a reduced level, and does not materially affect the results for the period.

The interim dividend is unchanged at 3.5p net per 25p share—last year's final was 3.5p.

Cosalt on course for recovery

AFTER HIGHER interest and losses of £263,000 from discontinued businesses, against £115,000, taxable profits of Cosalt came out lower at £1.13m for the half-year ended July 1, 1979, compared with £1.3m last time. Turnover improved by £3.4m to £18.24m.

The directors state that a number of non-recurring factors, which adversely affected the second half of 1978, will not apply this year. And the group is on course for much improved results, as forecast in June. Profits for 1978 fell from £2 to £1.6m.

	Half year 1979 £000	1978 £000
Turnover	18,241	14,797
Ships' chandlery	8,509	7,003
Caravans	8,491	6,817
Refrig. & air-conditg.	713	734
Finance	218	188
Air Wales	180	77
Mirrors	130	178
Profit	1,891	1,975
Ships' chandlery	941	726
Caravans	839	794
Refrig. & air-conditg.	11	24
Finance	100	131
Interest payable	500	256
Decont. business loss	263	115
Air Wales	117	92
Mirrors	146	23
Pre-tax profit	1,128	1,304
Tax	586	678
Net profit	542	626
Extraord. credit	—	27
Pref. dividend	42	42
Attributable	500	611

The net interim dividend is increased by 50 per cent to 1.5p per 25p share, and the directors intend to pay a 1.75p (1.2894p) final.

Of the discontinued activities, Air Wales ceased trading on June 30, 1979, the business being sold to Air Anglia, and the remaining stocks of Mirrors were sold to a Royal Doulton subsidiary on August 28.

The £263,000 loss includes provisions to ensure that no further debits accrue to these interests.

Trading in the ships' chandlery division, although difficult in some areas, generally reflected a good demand. Exports were a record, though the stronger pound is beginning to have an adverse effect in some markets.

The rising pound, coupled with domestic inflation, is also making export markets more difficult for the caravan side of the business. The directors point out, however, that despite demand being held back by concern over the cost and availability of petrol, this division continues to out-perform its competitors.

Slightly less business was available to the refrigeration and air-conditioning section, which prevented it from recovering increased costs, but a better second half is expected.

The finance division continues to reduce its commitments; the overseas contract by an associate against which an exceptional provision had to be made in 1978, has still not been finalised, the directors state.

● comment

Cosalt has drawn a final curtain on its unhappy diversification into air freight and mirrors and an aggregate provision of £263,000 is considered adequate to meet any continuing loss from these areas. That leaves the investment merits of the chandlery, caravans and air-conditioning divisions to stand on their own. Excluding provisions, interim profits climbed just 6 per cent and Cosalt's residual activities present a very mixed picture. Chandlery, buoyed by a timely decision to concentrate on the needs of near-shore fishermen, has sparkled with a 30 per cent half-time advance but caravans have run into a sticky patch both at home and overseas. The new factory for mobile home construction at Hull is now in operation and when the older plant is sold, the group may be able to underline its claim to out-perform the competition. Refrigeration and conditioning, on the other hand, obstinately refuses to return anything like an acceptable return on the £750,000 capital invested. Orders are generally taken on a long lead time and it is hoped that a significant level of contract completions in the second half will bolster what has otherwise been a very disappointing performance. The carry forward of a £300,000 provision in the finance division is something of a cloud on the horizon but the shares added 2p to 57p yesterday in response to a projected final dividend of 1.75p per share. That indicates a yield of 8.5 per cent. On the assumption that this payment is 2½ times covered the prospective p/e is 6.7.

UK COMPANY NEWS

Much lower first half for LKI

Including five months' losses of £73,660 from discontinued activities at its subsidiary Kirby Dartford, profits before tax of L. K. Industrial Investments plunged from £164,544 to £29,290 for the first half of 1979. Turnover was virtually unchanged at £2.32m.

The machining and fabricating activities relating to the trade of Kirby, which makes cardboard converting machinery, are being discontinued — losses incurred during June are shown as an extraordinary debit of £13,104.

The directors say there will be further losses resulting from this action, but the proceeds from sales of redundant machinery are anticipated to realise a useful profit over book value.

They explain that the group is more soundly based following the decision to discontinue these unprofitable activities and therefore the interim dividend is 1.5p (1.45p) net, on earnings down from 3.29p to 0.85p per 25p share—last year's total payment was 2.9p on £201,000 pre-tax profit.

Achieving a rising trend of profit depends on securing higher sales, particularly at Airborne Industries, where demand has remained at a low level, the directors add.

A. and H. Jones again increased sales, but found difficulty in improving net margins, while there was a disappointing increase in activity and profitability at L. K. Machinery.

With tax lower at £8,417 (£55,563), attributable profits for the six months slumped from £79,981 to £7,769. Preference dividend absorbs £630 (same) and ordinary payments, £33,845 (£32,717)—certain directors have waived their right to the interim on 125,000 ordinary shares.

Norman claims over 40% support in Berwick battle

BY ARNOLD KRANSDORFF

Mr. Torquil Norman, a former £32,000 a year chief executive of toymakers Berwick Tempo, yesterday claimed he was receiving increasing support for his proposals to return to the Board

He said that apart from committed shareholder support of 37.6 per cent of the capital, which has already been announced, he had been given additional proxies that lifted this figure to "significantly above 40 per cent."

The issue will be resolved at an extraordinary meeting next Wednesday when shareholders will be asked to approve a resolution to remove three directors—Mr. John Oakley, the chairman, Mr. J. A. Stitt and Mr. J. A. C. Hill—and replace them with Mr. Norman and Mr. J. M. C. Andrews, a former executive director of Hill Samuel, Samuel Montagu and Brandts.

Mr. Norman needs a simple majority to win the day.

If he is successful, three managing directors, Mr. Ken Simmonds, Mr. Peter Craig and Mr. Keith Townsend (all of whom have recently been appointed to the Board), and the group finance director, Mr. D. R. Hailey, have pledged to resign.

Mr. Norman yesterday said he hoped they would reconsider their positions. "If not, we have people in mind within the subsidiaries, and one or two people from outside."

In the event of the resignations, he was "confident that the subsidiaries will operate effectively until replacements are found and I don't see any reason why the current forecast of at least £1.4m for the year can't be met."

Mr. Norman said that if Mr. Hailey chose to resign, he would be replaced "very rapidly indeed." A non-executive chairman would also be appointed to provide independent leadership.

In a circular to shareholders, Mr. Norman said last week's letter by Mr. Oakley contained "a number of inaccuracies and misleading statements."

During his stewardship as chief executive pre-tax profits had risen from £0.25m to a forecast of not less than £1.4m. "The excellent performance forecast for the current year is the result of the hard work and management reorganisation instigated by me as chief executive.

"As chief executive I would have had to take the rap if the strategy failed; I must be entitled to a share of the credit."

Mr. Norman said it was the refusal of Mr. Oakley to support his proposals for improving the supervision and management of two problem companies, Model Toys and Flair Toys, that caused the policy disagreement leading to his withdrawal from the company.

He added "In August last year I told Mr. Oakley informally that I might wish to reduce my executive responsibilities towards the end of 1980, while remaining on the board, subject to the two problem companies being sorted out properly and satisfactory management succession being agreed. Mr. Oakley ignored these essential conditions in his circular and in his conversations with institutional shareholders. I must emphasise that my commitment to the continuing development of our company is now total."

In a statement last night, Mr. Oakley said: "I think Mr. Norman has properly identified the areas of dispute between him and the board, and these are, quite rightly, Flair Toys and Model Toys. He highlights the fact that he wanted to go in one direction and the board wanted to go in another. The board are now pursuing their policies with effect.

"The board believes that Mr. Norman has a misconception of the role of chief executive. It is not possible for a chief executive to become closely involved with the day-to-day affairs of each subsidiary; he has to work with the managing directors of each of the subsidiary companies."

Associated Leisure well ahead

While management accounts at Associated Leisure were showing evidence of a reduced rate of profit growth, they nevertheless showed pre-tax profits well ahead of last year's corresponding period, Mr. Nat Solomon, the managing director, said at the annual meeting.

The board's opinion was that although trading conditions for the rest of the year were not likely to be easy, the outcome for the year as a whole was expected to be satisfactory.

In the last full year, pre-tax profits of the amusement machine, entertainment and hotel group advanced from £3.49m to £4.97m.

Six months progress by Merchants Tst.

With gross revenue little changed at £1,481,772, against £1,474,911, the Merchants Trust improved net earnings for ordinary holders from £751,287 to £793,307 for the six months to July 31, 1979.

Earnings per 25p share were up from 1.48p to 1.56p. The net interim dividend is lifted to 1.5p (1.25p) and the directors forecast a final of not less than last year's 1.75p.

Investment income was marginally lower at £1,425,775 (£1,446,981), while other income (deposit interest and underwriting commission) rose from £27,930 to £55,997.

Management expenses took £64,375 (£75,954) and loan interest £150,951 (£161,310). Tax was reduced from £467,807 to £434,586 and preference dividend absorbed £18,553 (same).

Net asset value per share at the half year was 92.8p (96.8p at year-end) or 92.7p (96.6p) adjusted for loan stock conversion.

Pentos raises dividend 73%

TAXABLE PROFITS of Pentos advanced from £1.11m to £1.25m in the first half of 1979 on turnover ahead from £23.9m to £33m.

The net interim dividend is being hoisted from an adjusted 0.8107p net to 1.4p. The directors add that at the time of the offer for Caplan Profile Group they forecast dividends of 4.025p for the year—a 60 per cent increase on last year's adjusted 2.5125p.

The Board adds that business continues to be highly seasonal with the major part of profits being earned in the second half. They say that prospects for the year continue to be good with particularly encouraging performances from Halls garden products and Clifplant's hiring activities. Last year the taxable surplus totalled £4.01m.

But the directors point out that the lull in consumer demand and the engineering dispute add some uncertainty to the picture.

However, beyond the current year prospects are excellent, and these have been further enhanced by the Caplan acquisition which will be consolidated from the date of effective control.

Caplan represents the group's first major move into a new business area for more than five years. It holds an important position in the office furniture market and has recently entered the domestic furniture sector.

The taxable surplus at midway was struck after a large increase in interest charges from £378,000 to £688,000. Any reduction in interest rates will have an immediate and significant effect, says the Board.

	Half year 1979 £000	1978 £000
Turnover	32,959	23,921
Trading profit	1,939	1,491
Interest	688	378
Profit before tax	1,251	1,113
Tax	314	278
Profit after tax	937	835
Attributable	908	808
Dividend	516	281

Tax for the period takes £314,000 (£278,000) and the attributable profit is up £100,000 at £908,000. Stated earnings per 10p share have risen from 2.66p to 3.15p.

The balance sheet at the half-year end shows bank borrowings up from £2.16m to £3.04m. Shareholders' funds advanced from £10.48m to £12.78m.

● comment

The results from Pentos could have been better, but heavy interest charges have cut into pre-tax profits, leaving a mere 12 per cent pre-tax increase. Turnover has gone up by 38 per cent and the market would have liked to see a corresponding improvement in trading profits; in fact only 30 per cent was achieved. But gardening and book-selling are highly seasonal businesses and it is reasonable to expect better results for the second half. The July, 1979, acquisition of Caplan (for £7m) should contribute about £400,000 (for four months), making a potential total of £5.3m before tax. The interim dividend has been raised by more than half and the board's projected 5.75p gross total yields a prospective 7.5 per cent at 80p, down 5p. This would be covered over two times, with a prospective fully taxed p/e at 11.3, not a bargain rating.

KCA/Eurocanadian talks on Furness Withy share stake

Mr. Frank Narby, chief executive of Eurocanadian Shipholdings, a private Canadian-owned shipping group based in Switzerland and Bermuda, and Mr. Paul Bristol, chairman of KCA International, an oil servicing and contracting group, met in Basle, Switzerland, yesterday to discuss the fate of the respective interests in Furness, Withy.

On the London Stock Exchange, Furness, Withy's shares rose 10p to 284p.

Earlier this year, KCA and Eurocanadian had attempted to gain an influence over the affairs of Furness, Withy, the British shipping group, through mobilising a combined shareholding of 22.13 per cent.

But an attempt to gain a seat for Mr. Paul Bristol on the Furness board at the Furness annual general meeting failed.

KCA holds a 3.73 per cent stake in Furness which it bought for £2.89m.

It contracted to buy an 8.4 per cent holding from Eurocanadian in a deferred settlement arrangement, which meant that payment for the stake could be delayed. It is believed that the likely consideration for the stake could have been around £8m.

Eurocanadian mades its sale to KCA because it was required to reduce its stake in Furness to 10 per cent by the Monopolies Commission.

Since thte Furness affair in the summer, the deferred settlement date has been extended a month to September 15.

Mr. Narby said yesterday that the Office of Fair Trading has said that it would like Eurocanadian to reduce its holding to 10 per cent as soon as possible.

Mr. Narby has said that he would reduce his/holding in Furness to that level by the end of the year.

KCA's 8.4 per cent stake may revert back to Eurocanadian under a new agreement which was reached yesterday.

Mr. Bristol is understood to be communicating his decision to the Stock Exchange next week.

Mr. Narby said yesterday that Mr. Bristol and he "share similar views on Furness, Withy. Our relationship will continue and we will continue to co-operate together."

SHARE STAKES

Lindustries—Hanson has now received acceptances in respect of 2,388,321 Ordinary (12.0 per cent), 755,142 Preference (68.65 per cent) and 704,508 Preference Ordinary stock (64.05 per cent). Accordingly the total entitlement of Hanson and its subsidiaries is now 11,829,325 Ordinary (63.39 per cent).

Eva Industries—The Anglo-Indonesian Corporation has acquired a further 400,000 Ordinary bringing its holding to 2,551,436 (approximately 27.27 per cent). The Scottish American Investment Company is now interested in 500,000 Ordinary (approximately 5.34 per cent).

Arthur Guinness Son and Company—As a result of resigning from a trust Lady Patricia Florence Susant, The Viscount Boyd, has lost a non-beneficial interest in 358,117 shares. For the same reason, the Earl of Iveagh no longer has an interest in the same number of shares. The Viscount Boyd remains interested in 1,739,207 shares (2.1 per cent) and the Earl of Iveagh in 2,211,804 shares (5.7 Iveagh in 2,211,04 shares (5.7 per cent. Iss Ferris has disposed of 358,117 shares reducing his total holding to 5,602,332 (6.4 per cent).

Levex—C. Harris, chairman, has acquired a beneficial interest in 110,000 Ordinary making his holding 365,000 (5 per cent).

J. T. Parrish—J. S. Bonnington holds 42,500 Ordinary (5.9 per cent).

Bremner—The Hugh Fraser Trust has acquired 50,000 ordinary shares, bringing their total holdings to 375,000 shares, 6.793 per cent.

Plessey—Mr. P. I. Marshall exrecised an option in respect of 27,000 ordinary shares on September 3, 1979, the shares were subsequentley sold at 118p.

NO PROBES

Secretary of State for Trade has decided not to refer the following mergers to the Monopolies Commission: John Swire and Sons/Blythe, Greene, Jourdain and Company; and BTR/Blyth, Greene, Jourdaine and Company.

Gibbons Dudley in bid talks

Gibbons Dudley, the refractories, building products and engineering group, is involved in talks which could lead to a possible offer.

At the 97p suspension price, the company's market valuation is nearly £19m. No further details of the talks were available, but the company said an announcement would be made as soon as possible.

Profits of Gibbons were down by almost 4 per cent at the pretax level last year to £4.07m, including a first-time £182,000 buildings depreciation charge.

But the results reflected a considerable recovery during the second half after a decline of 12 per cent during the first six months. Mr. Roger Turner, the chairman and owner of 9.7 per cent of the shares, has forecast an overall improvement in 1979. Gibbons' second major shareholder is Pearl Assurance with just over 5 per cent.

REDMAN/WELLMAN

Redman Heenan International on August 31 acquired 1,009,331 Wellman Engineering shares. Redman is now interested in 3,259,331 shares (28.9 per cent). These shares were previously reported as having been bought by Hambros Bank in its own name.

LON. & EUROPEAN BIDS FOR TAYLOR PALLISTER

London and European Group has made a bid for Taylor Pallister which values the engineering and marine ancillary equipment company at nearly £650,000, after bringing its stake right up to the 30 per cent level at which the City Code requires an offer.

The property and investment group, where former Bowater and Slater Walker director Mr. Malcom Horsman now sits on the board and has a near 5 per cent holding, is offering 96p cash a share; the highest price paid by London and European for its own shares.

The offer follows the purchase of a further 3,050 Taylor, Pallister shares by London and European. It first took an interest in the company with a 27.7 per cent stake in May of last year.

Shares of Taylor, Pallister, whose pre-tax profits eased by over £6,000 last year to £214,900, gained 7p on the news to 102p.

Taylor Pallister said last night that it was considering the offer and advised shareholders to take no action for the moment. The company is being advised by Charterhouse Japhet, with Guinness Mahon acting for London and European.

GERRARD AND NATIONAL

Gerrard and National Discount expects to complete the £3.8m sale of its majority stake in Astley and Pearce, the second largest money broker in the world, on September 13.

The sale by Gerrard, one of the leading City discount houses, was first announced late last month. The proposed deal was approved yesterday by Gerrard shareholders at an EGM.

SANDERSON KAYSER-GEI

Lazard Brothers have received acceptances for its offers, made on behalf of GEI Intl., for Sanderson Kayser in respect of 5,020,388 ordinary shares (84.19 per cent of the ordinary capital) and 135,381 preference shares (93.40 per cent).

The offers have been declared unconditional and remain open for acceptance until further notice.

Offshore find by Mobil

A unit of Mobil Corporation—Mobil Exploration Indonesia—has discovered oil in a North Sumatra offshore block in Indonesia.

The well, which was drilled in 300 ft of water to a total depth of about 5,700 ft, flowed at approximately 4,000 barrels of oil a day from a depth of 5,100 ft.

However, Mobil says that further drilling will be necessary to determine the size of the find, which is located 70 miles north-east of the Arun gas field.

Mobil Indonesia drilled the well under a production-sharing agreement with Pertamina, Indonesia's national oil and gas company.

* * *

America's Louisiana Land Exploration announced yesterday a natural gas find at its No. 1 Crown-Zellerbach wildcat well situated in Washington Parish, Louisiana.

The well tested gas from the Cotton Valley formation at a rate of 7m cubic feet per day and was perforated in selected intervals from 19,735 feet to 20,577 feet. Two interstate pipelines are located within five miles of the well.

Louisiana Land has a 50 per cent working interest in the test well and the 80,000 acres surrounding it. Other participants include Florida Exploration, Sabine Production, Nerhoff Oil and Gas, and Natomas North America.

* * *

Canada's Mountain State Resources and its joint venture partner Monte Grande Exploration have encountered gas in a well on their Bridger Creek prospect in Montana.

The well, Federal 32-7X, is located about six miles south of the previously announced successful Bear Chip prospect, Strobal Federal State Bank 13-6.

Mountain says the Bridger Creek well is drilling below 5,800 ft and that to date five sand zones have indicated the presence of gas.

* * *

Kaiser Resources says it has made an "encouraging" oil discovery on the Blood Indian Reserve in south-west Alberta.

Production testing of a Devonian zone showed flow rates of up to 68.4 cubic metres per day of oil. No water was measured on the two-day test. The discovery was drilled on land held 50 per cent Kaiser, 25 per cent by Gulf Canada Resources and 25 per cent by Numac Oil and Gas.

Census origins question backed

BY PAUL TAYLOR

THE COMMISSION for Racial Equality is backing the controversal move to include a question about ethnic origin in the 1981 census.

In a letter to Mr. Patrick Jenkin, Social Services Secretary, Mr. David Lane, the commission's chairman, says it is "vital" that such a question is included in the census because otherwise policy makers "will be groping inadequately in the dark."

Mr. Lane says that unless the ethnic question is included in the census the work of the Government, local authorities and the Commission itself would be hampered.

CONTRACTS AND TENDERS

PETROLEO BRASILEIRO S.A. - PETROBRAS

RIO DE JANEIRO - BRAZIL

ANNOUNCEMENT OF COMPETITIVE BIDDING SUPEX-04/79

1. Petrobras announces the opening of a competitive bidding for petroleum exploration in areas located onshore and offshore Brazil.
2. The relevant contracts shall be executed in the form of "service contracts," provided that contractor's remuneration shall be contingent upon the achievement of commercial production from the fields discovered and developed by contractor.
3. Companies domiciled outside Brazil, with experience and tradition in such field of the petroleum industry, in order to obtain the application form, are requested to contact Petrobras, at one of the addresses below:

   —Av. Republico do Chile, 65, 18 Andar, Sala 1858—Rio de Janeiro—Brasil.

   —77 South Audley Street, 2nd Floor, London, W1Y 5TA, England.

   —1221, Avenue of the Americas, 22nd Floor, New York, N.Y., 10020—U.S.A.

   —66, Av. Champs Elysees, 8 Eme, Etage, Paris—75008—France.

   The said application form is to be filled in by the interested company, and then returned to any one of the addresses indicated above, until 5 p.m. (local time), the 30th of October, 1979.
4. The Brazilian companies shall apply in accordance with the procedures of the announcement of the preliminary selection as published only in Brazil on August 10, 1979.
5. Each company will be informed as from the 23rd November, 1979, of the result of its application in the preliminary selection and of the basic conditions it must comply with for the purpose of making its bids.
6. Participation in the said preliminary selection does not and shall not imply the granting of any guarantees, privileges or rights to any of interested companies, it being understood that Petrobras is absolutely free to, at its sole discretion, cancel, remake or dispense with such preliminary selection, or invite whichever company it may choose in order to contract with for the execution of the services referred to in this announcement.

Rio de Janeiro, September 11, 1979
Exploration Contracts Superintendency
— SUPEX —

TENDER NOTICE

Tenders are invited for the supply and installation of Space Frame Structure for Cargo Terminal Building at Karachi Airport. The dimensions of the building are as follows:

01:	Length between axes	=225.44m
02:	Width between axes	= 61.20m
03:	Height clearance under Frame Structure	= 6.50m
04:	Total Roof Length	=231.25m approx.
05:	Total Width	= 69.95m
06:	Roof area	=161.75m

Tender documents with complete specifications, scope of work and the drawings, can be obtained either from Finance Manager, PIA, Heathrow Airport, London, Tel.: 01-759 2544, or General Manager Stores and Purchases, PIA, Karachi Airport, Karachi, on payment of FF500.00 or equivalent amount (non-refundable).

All tenders will be received by General Manager, Stores and Purchases, PIA, Karachi Airport (Pakistan) by 1400 hours on 30th September, 1979, and will be opened by 1500 hours the same day. PIA reserve the right to accept, reject or extend date of opening of the tender without assigning any reason.

PIA
Pakistan International

ISLAMIC REPUBLIC OF PAKISTAN

HYDERABAD DEVELOPMENT AUTHORITY

TENDER FOR POTABLE WATER TREATMENT PLANT AT HYDERABAD SIND PAKISTAN

Tenders are invited from experienced Contractors, based in member countries of the Asian Development Bank, for the provision of the mechanical and electrical equipment for a 130,000 m^3/day potable water treatment works.

The Tender shall include for the design, manufacture, supply, delivery, erection and commissioning of all the necessary equipment for the works comprising 3 No. concrete circular clarifier/flocculator units of approximately 42 m diameter, 9 No. rapid gravity filters with air scour and washwater plant, alum dosing, chlorination, combined wastewater and sludge disposal by pumping together with all relevant pipework, valves, cabling and ancillary equipment. Civil engineering will be carried out under a separate contract.

The Hyderabad Development Authority has received a loan from the Asian Development Bank in various currencies toward the cost of the Hyderabad Water Supply and Sewerage Project, and it is intended that proceeds of this loan will be applied to payments under the contract for which this invitation to bid is issued. Payments by the Asian Development Bank will be made only upon approval by the Asian Development Bank of an application presented by the Hyderabad Development Authority in accordance with the terms and conditions of the Loan Agreement and will be subject in all respects to the terms and conditions of that Agreement.

Tenders must be submitted on the prescribed forms and applications are invited for the Tender Documents to the Authority's Consulting Engineers, Balfours, P.O. Box 1032, Latifabad, Hyderabad, Pakistan. Applications may be made by post or through a local representative and must be accompanied by a non-refundable Bank Draft for Rs 500/- (Pakistan rupees five hundred only) payable to the Project Director, Hyderabad Development Authority.

The closing date for receipt of requests for the Tender Documents is 24th September, 1979, and it is anticipated these will be issued before the end of September, 1979. The tender period will be three months.

Director General,
HYDERABAD DEVELOPMENT AUTHORITY

CENTRAIS ELETRICAS BRASILEIRAS S.A. — ELETROBRAS

NOTICE TO PROSPECTIVE SUPPLIERS BRAZILIAN INTERCONNECTED POWER SYSTEM SUPERVISION AND COORDINATION CENTER

Centrais Eletricas Brasileiras S.A.—ELETROBRAS is applying for a loan from the International Bank for Reconstruction and Development (IBRD) towards the cost of a Real-Time Supervision System (RTSS) for the operation of the Brazilian interconnected power system to be located at the National Supervision and Coordinating Center (CSC). ELETROBRAS intends to apply the proceeds of such loan to eligible payments under the contracts for which an official invitation and specifications for tenders will be issued approximately at the end of September, 1979.

The Bid will cover the supply of all hardware, software, system integration, services and training necessary to provide a completely operational system and shall include computers, peripherals, man-machine interface, support software, application software and the interface with telecommunication system. CSC will communicate directly with the Operation Control Centers (COS) of up to eleven major electric power companies.

The National Supervision and Coordinating Center facilities, together with the above referred COS's, will form a hierarchical control system for the operation of the Brazilian interconnected power system. The functions to be implemented at the RTSS include Production Scheduling and Coordination, Real-Time Supervision of the Main Grid, Interchange Accounting and Operations Analysis and Reporting. The installed capacity of the interconnected system (mainly hydro-electric) is now about 22,000 MW and is expected to increase to about 42,000 MW by 1986; the system will then have EHV-DC and AC transmission at 750/500/440/345/230 KV.

Prospective bidders who are located in Switzerland or member countries of the IBRD, are hereby notified that a summary description of the project is now available at no cost and may be obtained by prospective bidders through a formal request signed by an official representative, at the following address:

Cia. Auxiliar do Empresas Eletricas Brasileiras (CAEEB),
Coordenador de Compras,
Av. Rio Branco, 135-12° andar,
P.O Box 883,
Rio de Janeiro, ZC-00,
Brazil.

At the time of the issue of the bid documentation the suppliers and manufacturers who have indicated their desire to be included in a mailing list will receive an official invitation to participate in the bidding. This documentation [illegible] made available at a cost of U.S.$500.00 (or equivalent) and can only be [illegible] from Cia. Auxiliar do Empresas Eletricas Brasileiras.

Companies and Markets

MINING NEWS

U.S. power groups shy of mining uranium

BY PAUL CHEESERIGHT

UNITED STATES power utilities are less enthusiastic now about entering uranium mining ventures than five years ago and those that are already at the mining end of the business would, if they had their time over again, not become involved.

These conclusions about the role of the utilities in the uranium production industry were offered to the annual symposium of the Uranium Institute in London yesterday by Messrs. Robert and Jack Mommsen of International Uranium Services, a California consulting company.

Granting that hard data about the utilities' success in meeting their supply and cost objectives is unavailable, Messrs. Mommsen adduced five reasons for the feeling among utilities that they need no longer be involved in mining.

First, the uranium market is better balanced than five years ago and adequate supplies are expected throughout the 1980s. Second, the utilities are taking a very cautious view about the future of the nuclear industry. Third, many state public utility commissions are implicitly discouraging uranium supply ventures.

A fourth reason is that many utilities are dissatisfied with their own performance in the mining area and this will discourage new participants from entering.

At the same time, and this is the final reason, the ability of the utilities to finance the expansion of their own generating capacity is being questioned and there are many executives who do not want to aggravate the problem by going into mining.

"The grim environmental battles being waged by U.S. mining companies are feeding fears that a uranium mine could be financial quicksand," Messrs Mommsen said.

On this last score, both they and the utilities might have been given a greater degree of confidence by a judgment last week by U.S. District Judge Harold Greene, who rejected a plea by Friends of the Earth, an environmental group, and 72 Navajo Indians for a halt to uranium mining in Colorado, parts of New Mexico and Utah.

They had contended that mining should be stopped because federal agencies had not prepared a report detailing the environmental consequences of uranium mining on the region. One impact would be the destruction of the Navajo culture.

Rejecting the argument, Judge Green said that had it been successful, it would "effectively end or delay almost half of the nation's uranium production and jeopardise the exploitation of three fifths of its uranium reserves."

Within the uranium industry, nearly 8 per cent of production is probably under the control of electrical utilities. Their main concern has been less with the saving of costs, although this was obviously a factor in becoming involved, than with securing a reliable source of supplies.

A similar concern about the security of supplies has prompted European utilities, among them the Central Electricity Generating Board, to become involved in grassroots uranium exploration ventures. Their activity, however, seems generally to have been in a lower key than that of their U.S. counterparts.

ROUND UP

A. C. A. Howe Australia, consultant to Jimberlana Minerals, has carried out further investigation of the latter's Mt. Bundey uranium prospect in the Northern Territory. Results to date are said to confirm the occurrence of uranium mineralisation and it now remains to complete surveys on the balance of the favourable areas before testing zones in which concentration of uranium may have occurred. Jimberlana shares rose 2p to 85p in London yesterday.

* * *

Australia's Endeavour Resources has taken up 2.86m forfeited shares (at 36 cents per share) in Leighton Mining, thus maintaining its 48.8 per cent stake in the latter company following a placement of 3m forfeited Leighton shares with British institutions. The placement to Endeavour also allows Leighton to repay the A$1m (£503,000) loan from Endeavour used in connection with the purchase of a 5 per cent interest in the Cooper Basin consortium which is headed by Mr. Alan Bond.

* * *

South Africa's Chamber of Mines sees, "an unheralded yet potentially significant development for gold" in the U.S. Labor Department's recent decision to invest in precious metals. Although it is considered unlikely that the move will have any immediate impact on investment decisions of the pension funds—which control some $400bn investments — the Chamber reckons that many of them will eventually consider taking positions in gold.

ACM TO MAKE A ONE-FOR-ONE ISSUE AT PAR

A one-for-one renounceable Australian Consolidated — — rights issue at 20 cents (10p) par value is to be made by Australian Consolidated Minerals. It is designed to raise A$6.5m (£3.27m), the funds being ear-marked for existing and new exploration projects.

These include further exploration at the Mount Keith-Kingston nickel finds, funding of the 5 per cent interest in the Fitzroy oil venture in the Canning Basin, testing of the Murchison gold prospects and application of the Landsat satellite exploration system.

Two-thirds of the 32.5m new shares in ACM are being underwritten by Sydney brokers, Jackson, Graham, Moore. The remaining 10.8m shares are being taken up by America's Amax natural resource giant which has a 33 per cent stake in ACM and has agreed to apply for its full entitlement to the issue.

In London yesterday, the cum-premium price of ACM eased 2p to 12p, providing little incentive to UK shareholders to take up their "rights."

MINING BRIEFS

GEEVOR TIN—August output: 6,024 tonnes treated produced 59 tonnes Black Tin (65 per cent Sn.) including 4 tonnes low grade concentrates. The mine was closed for two weeks' annual holiday during the month.

KILLINGHALL TIN—August output of tin concentrates 49½ tonnes (July 55½ tonnes).

KINTA KELLAS TIN DREDGING—Output of tin ore for August 49.15 tonnes (July 42.91 tonnes).

SAINT PIRAN—August production of tin concentrates by Saint Piran group companies: United Kingdom (tonnes treated 10,817), 99 tonnes (70 per cent tin metal). Malaysia 17 tonnes. Thailand 72 tones. July outputs 75, 13, and 108 tonnes respectively. Two weeks' holiday and industrial action during the month affected production at South Crofty.

GOLD AND BASE NIGERIA—July output of concentrates (73 per cent grade). Tin 27 tonnes; columbite 1 tonne. Production for the seven months ended July 31: Tin 179 tonnes; columbite 3 tonnes. Production for the seven months ended July 31, 1978: tin 173 tonnes; columbite 215.77 tonnes.

ELECTROLYTIC ZINC — Production Statement:

	Four weeks ended Aug. 22	July 25
(figs in tonnes)		
Risdon:		
Zinc	15,615	13,924
West Coast Mines.		
Ore milled	45,056	56,952
Lead concentrate	1,681	1,861
Zinc concentrate	10,370	11,848
Copper concentrate	1,340	1,850

Transport Development Australia

Turnover at Transport Development Australia, a subsidiary of Transport Development Group, increased from A$16.62m to A$20m for the year ended June 30, 1979, but pre-tax profits were little changed at A$1.77m compared with A$1.76m.

The directors state that in spite of the disruption from industrial disputes, the transport and storage companies are performing well. Overall profits to date are ahead of the corresponding period last year.

A one-for-two scrip issue is proposed. The dividend total is maintained at 10 cents per share with a final of 5.25 cents, but the directors say it should not be expected that the same rate of dividend will be maintained on the increased capital.

Earnings per share went ahead from 18.4 cents to 20.3 cents.

Alex. Duckham £1m turnround at halfway

Reflecting improved proceeds and restructuring within the company, Alexander Duckham and Co., wholly-owned subsidiary of British Petroleum, announces a turnround of over £1m from a loss of £420,000 to a profit of £639,000 for the first half of 1979.

The restructuring took place during the second half of 1978 a loss of £258,000 (£528,000 profit) was incurred for the full year.

No provision has been made for either corporation or deferred tax. Any liability will be reflected in the full year accounts.

Magnolia up £68,000 at half time

Taxable profit at Magnolia Group (Mouldings) was ahead from £415,000 to £473,000 for the first half of 1979, and the company forecasts improved profit for the year. For 1978 the group, which makes and imports picture frame mouldings lifted the pre-tax total to a record £0.97m.

Sales for the half year were up £0.6m at £3.17m.

Tax of £246,000 (£216,000) left stated earnings per 10p share at 4.22p (3.74p). The net interim dividend is effectively stepped up to 0.8p (0.307442p) and the Board intends to pay not less than the equivalent of 1.8p (1.736163 adjusted) for the whole year.

NEW EUROPE-BASED ACCOUNTING GROUP

BY MICHAEL LAFFERTY

Challenge to the Big Eight

THE SHAPE of the international accounting profession is being altered dramatically as a result of the decision of several large national accounting firms to come together in a new, and unprecedented, international grouping.

The group—Klynveld Main Goerdeler, or KMG—is comparable in size to the Big Eight Anglo-American accounting groups which have come to dominate international accounting. It is particularly strong in Europe, where member firms have a client list that must be the envy of many a Big Eight practice.

The new group consists of the following national accounting firms:

- Deutsche Treuhand, the second largest firm in Germany.
- Klynveld Kraayenhof, the largest in the Netherlands.
- Fides Revision, one of the largest in Switzerland.
- Fiduciaire de France, the largest in France.
- C. Jespersen, the largest in Denmark.
- Hurdman and Cranstoun, one of the "Second Eight" U.S. firms.

Plus the five founder firms of the existing McLintock-Main Lafrentz international accounting group:

- Thomson McLintock, which is about the seventh largest firm in the UK.
- Main Lafrentz, the ninth largest in the U.S.
- Thorne Riddell, the largest in Canada.
- Hancock and Offner, a substantial Australian firm, and
- Pelser, Hamelberg, Van Til, a medium sized Dutch practice.

Such a collection of prestige national names has never been put together before in the history of international accounting. The Big Eight firms—Arthur Andersen, Arthur Young, Coopers and Lybrand, Deloitte Haskins and Sells, Ernst and Whinney, Peat Marwick Mitchell, Price Waterhouse, Touche Ross—are for the most part the result of large British and U.S. firms coming together, then expanding throughout the world either by opening their own offices or linking with leading local firms. This latter process has been taken a stage further through local mergers between the Big Eight members and other large local firms, with the result that national professions in several countries, such as the U.S. and Australia and the UK, have become increasingly dominated by the Big Eight groups.

Large national firms outside the Big Eight have come under increasing pressure as a result of this process. Without international coverage they have risked losing clients. Most have responded by setting-up half-hearted international groups of their own, generally with the U.S. and UK firms as the dominant party. An example of one such group is Alexander Grant Tansley Witt, which includes Alexander Grant, another "Second Eight" U.S. firm and Tansley Witt, a medium-sized UK firm. Last week came the news that Tansley Witt has broken up into four parts with each part joining other major firms. From the U.S. the news is that Alexander Grant is also in merger talks with Leventhol and Horwath, a firm of its own size. In the home market both of these firms have suffered the brunt of Big Eight competition.

Three of the firms in KMG—Klynvald Kraayenhof, Deutsche Treuhand and Hurdman and Cranstoun — have previously been members of an international accounting group which also included the UK firm of Turquands Barton Mayhew. This started with the idea of developing a European accounting group capable of competing with the Anglo-Saxon giants, but it never worked out in practice. Last year Turquands, itself squeezed by the competition at home, entered discussions with Ernst and Whinney and was eventually merged.

The international group of McLintock Main Lafrentz is in many respects the exception to the general rule, because it appears to work fairly well. But even this group was shaken last year when its German member —Karoli—defected into a merger with Treuhand Vereinigung, part of Coopers and Lybrand International.

In retrospect, the formation of KMG appears a tailor-made solution to the problems of both McLintock Main Lafrentz and Klynveld Kraayenhof/Deutsche Treuhand. There are indications that the two continental firms had ideas of enticing Thomson McLintock away from MML to have a second try at developing a large European accounting group, when they made their first approaches about the middle of last year. But that was not on: "To our great satisfaction we found that MML was a cohesive group," comments Jan Uiterlinden, the 58-year-old Dutch Register accountant who is the new group's executive partner.

From there the discussions progressed in fits and starts, and often appeared to be getting bogged down. Then, unexpectedly, in June of this year came the news that Main Lafrentz and Hurdman and Cranstoun were to merge in the U.S. It was the first link in what turned out to be a vast chain which is now stretching around the Western world. James Macnair, senior partner of Thomson McLintock, London, admits that the European firms in the proposed group tried to push the two U.S. firms together with little success.

In the end it was the pressure of the U.S. market place that brought about the merger. Hurdman would have made an ideal addition for one of the Big Eight firms, but it would have lost its identity. Merged with Main Lafrentz and forming part of a larger international group it stood a fair chance of long-term survival; so the argument goes.

The international organisation of the new firm will operate through a central management committee supported by four regional executive Boards. As constituted now the central committee includes three representatives from the merged U.S. firms, one from Canada, and one each from Germany, France, the Netherlands and the UK. The first chairman of the group is Dr. Reinhard Goerdeler of Deutsche Treuhand, the present chairman of the International Federation of Accountants—the accountancy profession's United Nations.

He, in particular, is known to have worked very hard to bring about this group and it is his devotion to the notion of European strength which has probably been responsible for the inclusion of countries like France, Switzerland and Denmark.

Mr. Archie MacKay, managing partner of the U.S. firm, will be the new group's president, while the task of welding the various parts into a cohesive whole goes to Mr. Jan Uiterlinden of Klynveld.

At first sight it may seem that the new group is far too loose to be real competition for the Big Eight. However, it has to be remembered that many Big Eight firms are not much more closely connected than this new group. Examples of such firms are Touche Ross and Arthur Young. But what all the Big Eight have is a common name in most parts of the world. They are held together by a common interest—in work referred to the member in each country by all the other firms in the organisation.

All work undertaken outside national borders on national clients by members of Mr. Uiterlinden's group will be for the account of the international firm. Results will then be shared on an agreed basis, with all members participating in some way.

There are a number of surprises in the membership of the new group. The inclusion of Fides Revision, the auditing arm of the large Swiss accounting and consulting group, Fides, did not appear to make sense because the latter is controlled by Swiss Credit Bank. It now emerges, however, that this major independence problem will be overcome by making Fides Revision financially independent of the bank.

The historic break may take some time to accomplish, but Mr. Uiterlinden is confident it will go through — possibly with some temporary financial help being provided for the Swiss partners: "We have reached agreement in principle with Fides to take the audit activity out of bank control by transferring ownership to the professionals involved. Fides will have to remedy the situation." The chosen solution is the practicable course for Fides, and it could well hasten other disengagements in the Swiss profession.

Fiduciaire de France, the largest accounting organisation in France, is also an unusual member, in some people's eyes. Fiduciaire itself has a history of unsuccessful international links. Its expertise lies more in the provision of accounting and management advice than auditing, and it comes from a country where the accounting profession is still relatively backward.

The architects of the new group are aware of all these factors, but they point to their objectives of creating an international accounting firm which is pre-eminent in Europe. "We wanted to be strong in all the major European countries," comments Mr. Uiterlinden. Switzerland, for example, is an important source of international fees because of its many multinationals. France, on the other hand, must be one of the most attractive new markets for accounting services in the world, thanks to the EEC company law harmonisation programme. Italy, and, to a lesser extent, Belgium are also attractive for this reason.

The repercussions of the formation of the new international group around the world will probably be unprecedented. To start with there is the vast problem of duplicated representation of the two former groups in most Western countries: here several mergers are a distinct possibility. In some countries, however, the new group may go outside existing links for the new member. Finally, there is the domino effect of the inclusion of any firm in the new group which was previously a member of another group: here examples already include Fides and Jespersen. Both had been important members of a grouping called Fox Josolyne Fides, which includes Elmer Fox, a Second Eight U.S. firm, and Josolyne Layton Bennett, a medium-sized UK practice. The latter firms must now seek to fill the breach caused by the defections, but the longer-term prospects for either as independent firms do not appear assured, to say the least.

In Holland, a merger between Klynveld Kraayenhof and Pelser, Hamelberg, Van Til is already agreed, while mergers between member firms of the old groups are also a possibility in Sweden, Norway, Ireland, Australia, South Africa and New Zealand. Mr. Uiterlinden is emphatic that there can only be one national firm for the new group in each country. "Either the firms concerned find a national solution, or we will have to make a choice," he says.

A principal feature of KMG will be the involvement of senior expatriates in foreign client work. For example, the UK audit of a Dutch client of Klynveld Kraayenhof will be carried out with staff from Thomson McLintock under the direction of Dutch partners. The process will be facilitated by integrating foreign offices of member firms with those of the national member firms. Klynveld Kraayenhof and Deutsche Treuhand, as well as Fides and Hurdman and Cranstoun, have several offices in other countries—and it will be extended rapidly: "We will have Americans in Europe, Japanese in New York, Germans and French in South America, and so on," comments Mr. Uiterlinden.

This new international accounting firm has not been created because accountants like to appear international, though many do. It has come about because of the pressures of the market place, both national and international. The pressures for the most part are in Europe. The German firm finds its clients expanding throughout the world and it has to service them or risk their loss. The same is true of the Swiss and Dutch firms. At the same time the large European firms want to obtain their fair share of the vast new market for accounting services which is now opening up on continental Europe. The new group presents all the parties involved with both a defence against the encroachments of the Big Eight in their home markets, as well as an opportunity to participate in new markets as they become available.

From now on it looks as if the world of international accounting will have to get used to a new description, as the Big Nine replace the Big Eight.

Men at the top of KMG: Mr. Archie McKay (left) the president of the new group, Dr. Reinhard Goerdeler (centre), its chairman, and Mr. Jan Uiterlinden, its executive partner.

COMPARISON OF SIZE

	Worldwide Fee Income $m
Arthur Andersen	546
Coopers and Lybrand	600
Peat Marwick Mitchell	586
Price Waterhouse	547
Klynveld Main Goerdeler*	500+

* Founder firms only.

SOME MAIN CLIENTS

Germany
- ● Deutsche Treuhand
  - Siemens
  - BMW
  - Daimler-Benz
  - Mannesmann
  - Mercedes
  - Metallgesellschaft
  - Degussa
  - Allianz Versicherungen

Holland
- ● Klynveld Kraaynehof/Pelser Hamelberg Van Til
  - Royal Dutch
  - Philips
  - AKZO
  - KLM
  - Algemene Bank
  - VFW—Fokker
  - Heineken

Switzerland
- ● Fides
  - Alusuisse
  - Pirelli (SIP)
  - Grands Magasins Jelmoli
  - Georg Fischer

France
- ● Fiduciaire de France
  - Peugeot Citroen
  - Societe Generale
  - Credit Commercial de France
  - Compagnie Francaise des Petroles
  - Thomson-Brandt

Denmark
- ● Jespersen
  - United Breweries
  - A. P. Moller
  - Danish National Bank

UK
- ● Thomson McLintock
  - ICI
  - Grand Metropolitan
  - Lead Industries
  - Associated British Foods
  - MEPC
  - Co-operative Wholesale Society
  - Standard Life
  - National Coal Board
  - BNOC
  - British Shipbuilders
  - John Laing Construction

Canada
- ● Thorne Riddell
  - Cominco
  - Steel Company of Canada
  - George Weston
  - Toronto-Dominion Bank

Australia
- ● Hancock & Offner
  - Australian Resources Bank
  - Australian United Corporation
  - Advertiser Newspapers
  - Lend Lease Corporation

U.S.
- ● Main Lafrentz/Hurdman & Cranstoun
  - CPC International
  - Pfizer
  - El Paso Gas
  - Dravo Corporation
  - Union Carbide
  - Avon Products
  - Grumman Corporation
  - Sperry & Hutchison

Source: KMG

£2m-£3m A YEAR MARKET FOR RADIO EQUIPMENT BY PETER CARTWRIGHT

The cost of beating bus crime

THE DECISION by London Transport early this summer to equip a further 1,100 buses with radio communication sets at a cost of nearly £1m underlines the cost and sophistication of measures to counter growing urban violence in Britain. In this respect it is no different from other industrialised countries.

At the moment London Transport has 2,800 buses with radios through which help can be summoned in an emergency. The remaining 6,000 buses are due to be equipped by the end of 1981 at a total cost of £6m.

All major British cities have now equipped their late night services with radio for the protection of staff. With the spread of one-man operations this usually means the driver/conductor. In addition most buses have alarm systems that sound horns and flash lights to attract the attention of the public and police patrols. These are also used by operators to summon the police if they see night-time break-ins to shops or other incidents along the route: to this extent they provide a more general deterrent to crime and violence.

Attacks on operators bad enough to require sick leave average about two a day in London. In 1977 there were 641 such attacks and it goes some way to justify the high cost of the protection devices that last year there were only four more. The rate of increase in the past two or three years has markedly slowed.

Violence is not confined to late night buses after the pubs have closed. "On some routes we have to be prepared for attacks by schoolchildren, girls as well as boys," says a North-West Passenger Transport Executive official. "Schoolchildren have pulled knives and gang fights are frequent. It is impossible to identify a racist element, but it certainly causes a reaction among some of our coloured staff, who are sensitive about handling this kind of situation. We know the routes and the areas that give trouble, and we know they are spreading."

These sentiments are shared by other PTEs. In London on some routes buses are followed by unidentified police cars. The police also travel free off duty and have been able to frustrate attacks and make arrests when travelling in plain clothes. A uniform is a much greater deterrent, of course.

As violence extends into the daylight hours and down the age scale, the transport union (TGWU) is increasingly insisting that buses should have radio communications with headquarters and, indeed, it is an expected part of their agreements in London, Manchester, Glasgow and other cities with advanced radio policies.

Target

Currently about half the country's 35,000 buses are radio equipped, with a target of 100 per cent by the mid-1980s by all PTEs. Greater Manchester will be among the first, with a programme for equipping all its 3,000 buses by the end of the financial year in March. Some district authorities like Nottingham, Leicester, Portsmouth, Southampton, Lothian and Cleveland Transit have already reached, or almost reached, 100 per cent.

On the basis of about £1,000 a bus, current investment so far is more than £12m with as much again—probably more because of inflation—needed to complete the programme. This *is being done against the background* of incisive economies demanded by Whitehall policy. It will nevertheless be necessary after more strident union demands, as well as to prepare for any large-scale switch from private to public transport resulting from future energy-saving policies.

The market for equipment is currently worth £2m-£3m a year. The leading supplier, with more than half the British market, is Pye, the Cambridge subsidiary of the Philips Group. Its main competitors are two American based companies, Motorola, with factories in Britain and Germany, and Storno, a part of General Electric, with plants in Camberley, Surrey, and Denmark, which it is believed share 20-25 per cent of the market. Others in the field include GEC and Marconi. The cost to PTEs of operating the equipment is about £250,000 a year, most of which can be absorbed into the expense of running the buses. In future it *is likely to become a part of the* capital investment in a bus.

Now that the radio programme is generally well on the way to fulfilment it has become obvious that a more sophisticated system could be used to control bus operations. The saving of just one bus costing £40,000-£50,000 through more efficient operations would justify equipping 30-40 buses to achieve more refined control.

Moreover, the penalties for not having the most efficient control system possible are rising all the time. A bus breakdown on a typical 10-minute service of 20 years ago did not matter too much. Since then the aspirations of the public have risen considerably through the exten*sion of private car ownership:* a breakdown on a half-hourly or hourly service today is likely to destroy faith in the reliability of the service in general.

In addition, the aspirations of staff have also risen. To those with the job of improving bus transport to make it acceptable to public and staff alike it seems inevitable that a mobile radio control system allied to a processor to handle routine messages will be necessary.

Mr. Mike Hicks, services manager (operations) with Greater Manchester PTE and secretary of the Confederation of Passenger Transport radio communications group, says: "It has been very clear for a long time that any discernible *requirement can be met at a* price, but there is a major, possible crucial, restraint."

The constraint is not price but the number of broadcasting channels available. The bus transport industry came late on the scene. It was not until 1972 that radio equipment began to be installed. It is therefore a johnny-come-lately in the competition for air space, and it has found that very few frequencies remained unallocated or unreserved.

This is the preserve of the Home Office, which has the responsibility for regulating licences for mobile radios. One of its prime functions is control of the spectrum: its role tends to be restrictive rather than sympathetic and understanding of the requirements of operators. It has, after all, to hold the ring for as different bodies as the BBC, aviation, shipping, satellite communication, Post Office and electricity undertakings, besides being concerned indirectly with the Ministry of Defence, which has a reserve of channels. The upshot was that the bus industry ended up with frequencies in the VHF mid-band, and in the unusual position in Europe of having 107 MHz for bus radios and 140 MHz* for base transmitters.

Current allocations by the Home Office have been on the basis of a loading of 250 buses per channel which, with 25,000 buses makes a nice neat sum. But the passenger transport radio communications group argues from experience and likely future needs that the practical limit is about 100 and when processors are introduced into the system may be a few less. Fairly typically, Greater Manchester operates on 13 channels for its 3,000 buses with six UHF channels for the inspectorate.

Lower ratio

The VHF mid-band can be re-used across the country, for instance by London, Birmingham, Manchester, Tyne and Wear, and Merseyside. Accordingly, because of its special needs, the radio communications group has suggested to the Home Office that available mid-band frequencies should be allocated en bloc to the group for redistribution. Re-use would help to achieve a lower ratio than the 250 buses per channel figure of the Home Office. Tyne and Wear have already been allowed relaxation down to 200 buses, and certainly lower figures could be accommodated without conflict outside the congested areas of the South East, Midlands and North West.

But however sympathetic the Home Office may be, it is itself constrained to working within internationally agreed allocations laid down by the International Telecommunications Union. This is a United Nations agency and it has established international radio regulations which are periodically revised. The next revision will be at a *world administrative radio conference* lasting 10 weeks that starts at Geneva on September 24.

Frequencies

It is here that the battle will be fought to wrest more frequencies for the UK for mobile transmission to cater for developments over the next 20 years.

The Home Office has submitted a strongly argued case to the union, and the bus industry is keeping its collective fingers crossed that its submissions will be successful. For in addition to the 25,000 city buses there are another 40,000 run by National Bus and several thousand more by other operators. Altogether it is estimated that more than 70,000 buses and coaches may be equipped eventually.

The bus industry could be entering a new era in which processor-orientated equipment linked to ticket cancelling machines (which indicate the stage reached on a route) could pinpoint a bus and tell control whether it was empty or full. It could also be used to stack buses in correct sequence in a garage, signal when maintenance was due, and a number of other functions. The oil crisis has lent more urgency to these developments.

* *The 33 megahertz gap between mobile and static equipment in the UK is much higher than in Europe generally and leads to manufacturing problems in having to design the equipment specifically for UK operations.*

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LEGAL NOTICES

THE OFFICIAL ASSIGNEE
THE STOCK EXCHANGE, LONDON
In the Matter of the Estates of the following:
CHAPMAN AND ROWE
Declared Defaulters 1st April 1974
DAVEY AND CANDY
Declared Defaulters 17th May 1974
TUSTAIN AND L'ESTRANGE
Declared Defaulters 3rd September 1974
All formerly trading as Stock and Share Brokers, The Stock Exchange, London.
and
EDGAR HENRIQUES & COMPANY
Declared Defaulters 9th July 1974
Formerly trading as Stock Jobbers, Northern Stock Exchange.

TAKE NOTICE that the Official Assignee of The Stock Exchange, Trustee by Deed of Arrangement of the above named Estates, declares that the Final Dividend to Creditors will be paid after the expiry of this Notice.

Any person or Company who consider they may have a claim against any of the above named firms, or any partner of those firms, and who have not completed and returned a Form of Assent *to the Deed of Arrangement, must lodge* their claim by 31st October 1979.

No claim submitted after 31st October 1979 will rank for distribution of dividends.

Further claims should be forwarded direct to The Official Assignee, The Stock Exchange, London, EC2N 1HP.

No. 001857 1979
In the HIGH COURT OF JUSTICE Chancery Division. Mr. Justice Slade. In the Matter of EMRAY LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 30th July 1979 confirming the reduction of the Share Premium Account of the above-named Company from £78,302 to £14,392 was registered by the Registrar of Companies on 29th August 1979.
Dated this 11th day of September 1979.
AMHURST BROWN MARTIN & NICHOLSON,
of 2 Duke Street,
St. James's,
London, SW1.
Solicitors for the above named Company.

IN THE MATTER OF
D. GOLDSTEIN (HARDWARE) LTD.
BY ORDER OF THE HIGH COURT
Dated the 26th June 1979
Neville Eckley F.C.A., of 10 Bramley Hill, South Croydon, has been appointed Liquidator of the above-named Company without a Committee of Inspection.
Dated 22nd August 1979.

SEMINARS

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Joseph E. Granville

Noted Stock Market Analyst
The market analyst well known for his predictions of market trends

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Date: Tuesday September 18th

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MEMORIAL SERVICE

JONES. A memorial service for Martin Clement Trevor Jones, who died in Kitzbuhel, Austria, on July 16, will be held at St. Michael's, Corn Hill, EC3, on Wednesday, September 19, 1979, at 12 noon.

COMPANY NOTICES

RAUMA-REPOLA OY
US$10,000,000 8¼% 15 Year External Loan of 1964

HAMBROS BANK LIMITED hereby give notice that in accordance with the terms and conditions of the above Loan, the Final Redemption due on 7th October 1979 will be effected by the drawing at par of all outstanding Bonds.

The drawn Bonds may be presented to Hambros Bank Limited, 41, Bishopsgate, London, E.C.2, or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption in London must be lodged through an Authorised Depositary. Bonds will be received on any business day and must be left three clear days for examination.

The following Bonds from previous *drawings have not yet been presented* for payment:—

7th OCTOBER 1977 PAYMENT

1215	1420	1490	6843	9837	9898

7th OCTOBER 1978 PAYMENT

19	20	37	248	252	254
256	259	264	1207	1398	1416
1419	2878	2880	2881	2882	2883
3670	3676	3690	3732	3733	3740
4617	5733	6452	6834	7022	7177
7188	7189	7190	7191	7193	7330
7832	7848	9992	9995	9998	9999
10000					

HAMBROS BANK LIMITED,
5th September, 1979.

REPUBLIC OF ICELAND
8½% 1973/1988 UA 12,000,000

NOTICE IS HEREBY GIVEN to Bondholders of the above loan that the amount redeemable on October 24, 1979, i.e. UA 300,000, was bought in the market.

Amount outstanding UA 10,200,000.
Luxembourg, September 12, 1979.
The Fiscal Agent
KREDIETBANK S.A.
Luxembourgeoise.

CITY OF VALPARAISO
5½% Waterboard Loan 1912

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st October, 1979, in respect of the above Loan, the undermentioned Bonds amounting to £1,100.00 were this day drawn by lot by EDWIN BRUCE WALKER (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st October, 1979 from which date all interest thereon will cease:—

11 Bonds for £100 each

653	676	1816	1777
2218	2229	2306	2321
2330	2344	2355	

Recapitulation
11 Bonds for £100 each — £1,100.00

The abovementioned Bonds with Coupon No. 136 and subsequent coupons attached may be lodged for repayment on or after 1st October, 1979, at the Offices of J. Henry Schroder Wagg & Co. Limited, Coupon Department, 120, Cheapside, London, EC2, between the hours of ten *and two* o'clock.
London.
5th September, 1979.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% First Debenture Stock 1977/80 of this company will be closed from 1 to 14 November 1979, both dates inclusive.
N. A. HALTON,
Secretary.
Victoria Street,
London, SW1.
10 September, 1979.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 9½% First Debenture Stock 1979/83 of this company will be closed from 16 to 31 October 1979, both dates inclusive.
N. A. HALTON,
Secretary.
Victoria Street,
London SW1.
10 September, 1979.

RHYTHM WATCH CO. LTD.
(Rhythm Tokei Kogyo Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")
EDR holders are hereby informed that copies of the annual report and consolidated accounts of Rhythm Watch Co. Ltd. for the year ended 31st March 1979 are now available at the offices of the Depositary, 20 Fenchurch Street, London EC3P 3DB and of the Agent, Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg.
KLEINWORT, BENSON LIMITED
Depositary.
London.
12th September, 1979.

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED
(Incorporated in New South Wales)

NOTICE IS HEREBY GIVEN that for the purpose of payment of dividend the Transfer Books and Register of Members will be closed from 4th October, 1979, to 11th October, 1979, both days inclusive.

Transfers for registration prior to such closing must be lodged before 3 p.m. on Friday, 21st September, 1979.
By Order of the Chief Board,
J. E. SEARLE,
Chief Manager, UK and Europe.
August 31, 1979.

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أهكذا من الأصل

THE SALE OF BELRIDGE OIL

Finding the right price for hidden assets

STEWART FLEMING draws attention to the unexploited reserves held by a little known oil company, and the problems of valuation which bedevil the current sales plans

WHEN Belridge Oil comes under the hammer next week, some of the world's biggest energy concerns are expected to put in bids of as much as $2bn for the little known family-controlled company whose true value will probably be a mystery even to the eventual purchaser.

Recently, the 10 per cent or so of Belridge's shares which are publicly traded have been changing hands at close to $2,000 each, a sixfold increase compared with last year. Bids for the company at this level could come close to exceeding the biggest ever takeover in U.S. history, the $2.1bn which the giant General Electric paid for Utah International in 1975.

The 100 or so descendants of the three Californian land speculators who founded Belridge in 1911, can thank the Organisation of Petroleum Exporting Countries for the good fortune which appears to be staring them in the face. Rising oil prices are making Belridge's heavy oil reserves more attractive although the oil is expensive to recover.

The apparent enthusiasm of the U.S. Congress for granting exemptions from President Carter's proposed windfall profits tax is also a welcome bonus to the family shareholders who, with 55 per cent of the stock, could split $1bn between them.

So, too, is a breakthrough in oil recovery technology which last year allowed Belridge to start developing potentially rich, and so far largely unexploited, oil reserves in a diatomite geological strata beneath its main oil producing reservoirs.

It is the mystery surrounding just how much oil is buried in this strata, and perhaps more importantly, how much of it is recoverable, which makes Belridge such a fascinating and unpredictable property.

Its reserves, officially certified at 376m barrels (according to consultants, DeGolyer and MacNaughton), include mainly the well-explored and tested "heavy" oil formations in the Belridge field, and take virtually no account of the reserves which could lie in the diatomite formation.

The interest in buying Belridge now that the family wants to sell is displayed by the fact that the West German energy concern, Veba, is a possible bidder and by reports that some of the biggest U.S. oil companies, many of whom have oil-producing properties on tracts adjacent to the Belridge properties, are expected to submit bids—Getty Oil and Standard Oil of California among them. Moreover, two of the largest U.S. oil companies, Mobil and Texaco, have gone to court to try to block the sale. For over 40 years, these two oil giants have been patiently waiting for a big payday on their investment in Belridge.

Between them, the two companies have held 35 per cent of Belridge's stock over this period. Now, under Californian law, they are facing the threat that the family majority with its 55 per cent of the equity could sell the company over their heads. Ironically, Morgan Stanley, the investment bankers who are recommending this course of action, were appointed originally by Belridge on the advice of Texaco.

The battle for control of Belridge is just one facet of an oil boom which is now building up in California, partly as a result of this year's sharp increase in oil prices.

At present, nearly half of the state's daily oil production of 960,000 barrels, can be classified as heavy oil, a glutinous crude which can cost $8-12 a barrel to bring to the surface. This is because steam has to be injected into the reservoir to make the oil flow. Once it has been extracted, cleaning, and then extensive refining to remove carbon and sulphur impurities, are required to transform it into good-quality petroleum products.

The impact of rising prices on heavy oil prospects can be seen in Belridge's accounts. In 1974, its average daily oil production was a meagre 16,000 barrels, its sales revenues from petroleum $57m and its pre-tax operating profit $40m. Last year, its production soared to over 34,000 barrels a day, its petroleum sales revenues to $135m and its pre-tax profit to $88m, since when oil prices have, of course, risen sharply again.

It has also a large agricultural business on its 33,000 acres of land in Kern County, some 70 miles north of Los Angeles, which, while not highly profitable—earnings last year were only $262,000 — is valuable because of the quality of the agricultural land.

Most of Belridge's heavy oil is "stripper" oil from wells producing on average less than 10 barrels a day, and therefore not subject to price controls. It currently sells for around $16.50 a barrel, which indicates its proved reserves are worth around $6bn.

But this virtually excludes the high quality light crude now being tapped from the diatomite zone. In March this year, the company produced 5,000 barrels of this oil.

The problem, however, is extraction. For, although the oil is high quality, it is trapped in rock which has a fraction of the porosity of most oil reservoirs. Last year, the company began to draw on these reserves by introducing a process called "fraccing" in or fracturing the rock, to let the oil flow. The uncertainties revolve around how much oil is in the diatomite zone, and how much can be recovered. The most common answers are that there is a great deal of oil in the deposits, but a low proportion of it is recoverable. Getty Oil is planning to try and tap a similar oil bearing deposit nearby, but situated much nearer the surface, by strip mining down to 200 to 300 feet.

As they study the numbered and confidential information books which Belridge has sent out, the big oil companies interested in buying the company will have to decide how big a gamble they are prepared to take in putting a value on Belridge's reserves in the diatomite rock. They will also have to decide how big a risk they are taking of becoming involved with Mobil and Texaco in lawsuits.

It is factors such as these, plus apparently the desire of family shareholders to try and get a tax free deal, which will affect the ultimate price offered. It will also affect how the purchaser proposes to pay for the company. As an executive of one oil company put it, his management had reservations about the Belbridge situation because it would probably have to offer a lot of shares to win control. This would give the Belridge families a big voice in all but the laregst of the prospective bidders.

INTERNATIONAL CAPITAL MARKETS

Loan for Lagos water project

BY JOHN EVANS

A EUROCURRENCY loan of $90m, accompanied by a buyer credit of FFr 238m guaranteed by the French export credits agency, Coface, is being arranged for the State of Lagos.

The package, managed by Citicorp International Group and Societe Generale, will be used to develop water distribution and establish a purification plant. Three French contractors have received contracts for the work.

The eight-year Eurocredit carries a margin of 1 per cent over interbank rates, with a commitment fee of ½ per cent.

Nigeria has raised in recent months a total of around $350m by way of several project-related loans. Its decision to approach the Euromarkets for smaller deals, firmly linked to specific economic developments, marked a change of policy, which formerly approached the international markets for very large deals.

But Nigeria encountered considerable problems in the assembly of a $750m "jumbo" loan late last year.

Current market reports suggest that the country is planning at least a further $1bn of borrowings on the Euromarkets in the next few months. More than $500m of this will be linked to port development, while other loans are planned for steel mill and dam projects.

Among the latest credits to be completed and signed is a $100m eight-year borrowing for the Sokoto Rima River Basin Authority. The loan carries a margin of 1 per cent for the first four years and 1⅛ per cent for the final four years.

The funds are to be used for financing the Goronyo dam project, described as a key factor in the agricultural development of the Rima valley.

The contractor for the project is Impresit Bakolori (Nigeria), a 60/40 joint venture between the Nigerian Government and the Impresit Group, the civil engineering arm of Fiat.

Long-term Eurodollar quality bonds in demand

BY OUR EUROMARKETS STAFF

A COMBINATION of institutional investment demand and professional short-covering activity helped produce a modest rally in the Eurodollar bond market yesterday.

Prices rose between ⅛ and ½ point in a range of straight debt issues. Institutional demand appeared focused on quality long-term bonds, where recent sharp price falls have created yields in the area of 10½ per cent, dealers said.

The $30m convertible issue for Asahi Optical, carrying a 7 per cent coupon, has been priced at par. The conversion price is Y605 per share, representing a 4.3 per cent premium on yesterday's closing Tokyo price for the company of Y580.

The exchange rate against the dollar has been set at Y222.13.

In Deutsche-Marks, the Council of Europe is to issue DM 125m of bonds due 1989 (average life of eight years) bearing a coupon of 7¾ per cent and expected pricing at par. Lead manager is BHF-Bank.

Norway is privately placing up to Fl 100m in five-year notes, carrying a coupon of 8¼ per cent and pricing of par, via Algemene Bank Nederland.

In the Swiss Franc public market, a floating rate bond for Banco Nacional de Cuba will be launched soon via Banque Gutzwiller, Kurz Bungener and Singer and Friedlander, acting as co-lead managers.

The 12-year issue will be for a minimum amount of SwFr 30m, with a margin of ¾ per cent over Swiss franc Euro-deposit offered rates in London. Minimum coupon is 5 per cent.

Both the borrower and lenders have the option to redeem, at par, in years eight, nine, 10 and 11.

BMW Overseas Enterprises NV is offering SwFr 100m of bonds on the public market via Union Bank of Switzerland. The 12-year bonds carry a coupon of 4¼ per cent and will be priced at par.

Memorex falls on poor outlook

BY STEWART FLEMING IN NEW YORK

THE STOCK of Memorex, the computer equipment manufacturer, dropped sharply on the New York Stock Exchange yesterday when Mr. Robert C. Wilson, the company chairman, announced that the third quarter profit is expected to be substantially below that of the same period of 1978, when the company earned $1.55 a share.

It has been clear for some time that Memorex, which last year earned net profits of $42m on sales revenues of $633m, was heading for a tougher trading period, partly as a result of aggressive pricing moves by the computer industry giant, International Business Machines.

Earlier in the year IBM announced price cuts of 15-20 per cent for purchased or leased disc drives, one of Memorex's most important computer products. Subsequently, Memorex announced that it is in merger talks with Amdahl, another company which has been hit by IBM's more aggressive pricing strategies.

The Memorex shares yesterday opened after a delay in trading at $25¼, down $2¼. Amdahl has said it will offer 1.2 of its common shares for each Memorex stock, which currently values Memorex stock at around $[illegible]. But these terms have been criticised by some analysts as inadequate, raising questions about whether the transaction will be completed.

Dow Chemical raises forecast

DETROIT — Mr. Paul Oreffice, the president of Dow Chemical, disclosed that the group is raising its estimate of 1979 earnings per share from the earlier projection of a 10 per cent rise to one of at least 25 per cent. In 1978, the group earned $3.16 a share. At the same time, the group announced a 5 per cent increase in its quarterly dividend to 40 cents a share.
Agencies

Columbia misses box office hits

NEW YORK—Columbia Pictures Industries said the lower results in 1979 were due in part to the fact that the previous year included results from two of the company's biggest grossing films.

The company earlier reported that earnings for fiscal 1979 ended June 30 fell to $4.01 a share from $6.61 in 1978.

Total net for the year fell by 37 per cent to $39m, although sales put on 6.3 per cent to $613.3m. In the final quarter, earnings were also 37 per cent down at $9.1m, with sales 10 per cent off at $147.6m.

The 1978 figures include a gain of $9.7m or $1.05 a share from the sale of leasehold interests.

Columbia Pictures said the fiscal 1978 figures included grosses from "Close Encounters of the Third Kind," its most successful film ever, and "The Deep."

The company also said 1979 operating earnings were adversely affected by the results of its Arista Records subsidiary for the 1979 fourth quarter and year.

Delays in record releases by established artists and the industry-wide problem of high returns were the major contributing factors to Arista's problem, said Columbia.
Reuter

City National to close London branch

BY TERRY BYLAND

DECLINING profitability in international banking operations has caused City National Bank of Detroit, a subsidiary of Northern States Bank Corporation, to close down its London office. The London branch opened in 1968, but will close early next year as part of a plan to consolidate the bank's international operations at the head office in Detroit and at a branch in the Cayman Islands.

Mr. Carl M. Fredericks, vice-president of the bank and head of the London office, said the decision to close down reflected both the declining profitability of international operations and also soaring costs in London.

International banking activities, including trading in the Euromarkets, and in corporate and state loans, represents about 12 per cent of City National's loan assets. Total assets of the bank are put at $1.2bn.

The parent company, Northern States Bank Corporation, earned $1.5m for the half year to June 30 and recorded assets of $1.6bn.

Mr. Fredericks referred to declining margins, yields, commissions and fees throughout the range of international banking, including State and quasi-Stateloans.

Chrysler proposals for aid held up

By John Wyles in New York

CHRYSLER CORPORATION'S timetable for lodging a plan with the Carter administration for its financial recovery appears to have slipped significantly.

Originally, the company had hoped to deliver its document to the U.S. Treasury at the end of last week. However, the ailing company is now refusing to say when its proposals will be ready.

It is being suggested that one of the reasons for the delay is the Treasury's repeated refusal to consider a rescue plan based partly on granting the company "advanced tax credits."

Last Friday, Mr. William Miller, the Treasury Secretary, reiterated the Government's line that the only Federal help considered would be on the basis of loan guarantees.

In a bid to strengthen the company's case for a bail out, Senator Thomas Eagleton of Missouri yesterday released some details of a Department of Transportation study which warned that a Chrysler collapse would cost the jobs of between 292,000 and 345,000 workers, at least temporarily.

The study argues that the Detroit area would be particularly hard hit because a closing "could effectively destroy that city's economic base for a period of years." The report's tone contrasts with an earlier study by Data Resources which concluded that a collapse of the company would have little lasting impact beyond the early 1980s.

Itel omits dividends

SAN FRANCISCO—Itel Corporation's Board has voted to omit dividend payment on its two outstanding preferred issues.

The computer leasing company said that although all agreements with its lenders permit the company to pay preferred dividends at this time the Board believes it is in the best interests of the company to retain shareholders' equity. The company did not elaborate.
AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on September 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alex Howden XW 9¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australian Res. 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Avco O/S Cap. 10¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial Fin. 9¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 9¾ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pacific 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carter Hawley 9¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comalco Inv. E. 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Continental Grp. 9¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 10 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dominion Bridge 10¼ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dow Chem. O/S 9¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GTE Finance 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GTE Finance [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
General Motors [illegible] 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gould Int. Fin. 9¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoechst Fin. XW 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson Bay Co. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITT Antilles 9¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kennecott Int. 9¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 9¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Michelin 10 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Dev. Telecm. 9¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 9¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland 10 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9¼ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia Pwr. 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental Fin. 10¼ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Leasing 9¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pennwalt O/S F. 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepsico Cap. 9¼ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portland 10 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 10 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Redland Fin. XW 9¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stockholm 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden [illegible] 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV 9¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Warner-Lambert 9 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco Desarrollo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O'seas [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 8 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eletrobras-Brazil 7 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Chem. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Kokan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. Pwr. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, City of [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat. Tels. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Mt. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elet. de France [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heron [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IDB Fin. NV [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pfand Oct. Lands [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El. Pwr. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stewag [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.61
Avco Fin. 10¼ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.94
Cr. Foncier 10¼ 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.07
Ex. Dev. Cpn. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.15
Fst. Can. Inv. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.67
Hudson Bay [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.18
Quebec [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.45
R. Bk. Canada 10 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.05
R. Bk. Canada 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.15
Copenhagen [illegible] EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.52
Komm. Inst. [illegible] EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.18
SDR France [illegible] EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.60
SOFTE [illegible] EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.06
Algemene Bk. [illegible] Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.66
CFE Mexico [illegible] Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.64
EIB [illegible] Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.84
Ned. Middbk. [illegible] Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.54
New Zealand [illegible] Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.82
Norway [illegible] Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.61
Elf Aquitaine [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.59
Euratom [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.58
Norway [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.26
PSA Peugeot [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.71
Renault [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.51
Saint-Gobain [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.77
Solvay et Cie [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.65
Total Oil [illegible] FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.76
Citicorp 10 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.57
EIB [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.45
EIB [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.18
Finance for Ind. 13 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.55
Fin. for Ind. [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.34
Gen. Elec. Co. [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.31
Indonesia [illegible] KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.08
Mitsubishi [illegible] KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.28
Norges Kom. [illegible] KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.10
Occidental [illegible] KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.95
Euratom [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.54
Norges Kom. [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.73
Oslo, City of [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.36
Solvay Fin. [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.84

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.21
BNDE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.48
Banco di Roma Int. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.33
Bco. Nac. Argent. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.69
Banco Prov. BA [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.20
Banco Urquijo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.73
Bque. Indo Suez [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.15
Banque Sudameris [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.45
BNP [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.09
Citicorp O/S Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.67
Citicorp O/S [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.83
Creditanstalt [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.97
GZB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.60
Jugobanka [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.42
LTCB Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.27
Mfrs. Han. O/S [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.59
Nacional Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.72
Nat. West. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.15
Nippon Credit Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.06
Nippon Credit Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.11
Petro Mexicano [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.54
Privredna Banka [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.14
Royal Bank Scot. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.13
Sogenal [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.16
Texas Int. Airways [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.94
Trade Dv. Fin. Srv. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
TVO Pwr. [illegible] (D-lock)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.35
Utd. Overseas Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.38
Ba. E. d'Alg. [illegible] SF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.43

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
ASA Anti'boles [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.11
Canon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.97
Ciba-Geigy O/S F. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.41
Credit Suisse [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.77
Esselte [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.53
Honda Motor [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.94
LPC International [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23.15
Nitto Elec. Ind. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.24
Union Bank Switz. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.25
Fujitsu [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.86
Kansai Elec. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	52.41
Marudai Food [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	44.91
Nippon Yusen [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.97
Sharp Corp. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.88
Tokyo Elec. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45.98
Tokyo Ld. Co. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.94
Uny Co. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Gränges doubles projected 1979 pre-tax income

BY VICTOR KAYFETZ IN STOCKHOLM

GRÄNGES, the Swedish metals and engineering group, predicts a 1979 pre-tax profit of SKr 100m ($24m) before extraordinary items. This is SKr 50m better than last June's forecast by Mr. Bo Abrahamsson, managing director, at the annual meeting, and represents an improvement of more than SKr 300m on last year.

Turnover for 1979 will be about SKr 5.1bn ($1.2bn), to show an increase of about 25 per cent on the parts of the companies now comprising the group.

Last year's sales figure of SKr 5.1bn included SKr 667m from the stainless steel company Gränges Nyby, 90 per cent of which has been sold to Uddeholm. It also includes sales of stocks to the newly-formed, half state-owned steel group, SSAB in which Gränges has a 25 per cent stake.

Group external sales in the period January 1 to July 15 this year totalled SKr 2.5bn, against SKr 2.6bn in the same period of 1978, when the figure included SKr 434m in stock sales to SSAB and SKr 356m from Gränges Nyby.

Since the autumn of 1978, markets for the group's industrial companies have steadily improved, with higher invoicing, order backlogs and prices. Gränges companies making aluminium and copper products, piping and electrical power expect substantial profit improvements this year.

The upturn in Swedish residential building and higher capital spending by industry have helped operations at Platzer Bygg and Gränges Hedlund. The land company, Gränges Mark has continuing good profitability but the Belgian-based Graver—which delivers components for the offshore, oil and other heavy industries—is still having difficulties, according to Gränges.

The low prices received for Lamco's iron ore will result in unsatisfactory earnings at Gränges International Mining, the group adds.

Consolidated liquid assets at mid-year were SKr 686m, up from SKr 490m at the end of 1978. During 1979, the disposal of Nyby will yield SKr 85m in liquid assets, and the sale of the group's one remaining ship around SKr 100m, which along with funds generated from operations ought to result in year-end liquidity around SKr 600m, Gränges predicts.

Upturn forecast at Incentive

BY OUR STOCKHOLM CORRESPONDENT

INCENTIVE, the Swedish industrial development concern in the Wallenberg Group, believes that its 1979 pre-tax profit will be considerably better than the SKr 74.6m ($17.7m) noted last year. The first six months brought earnings of SKr 47m ($11.1m) compared with SKr 25m in the same period of 1978.

Sales rose by 32 per cent to SKr 1.33bn ($315m). In 1978, turnover totalled SKr 2.31bn.

Operating earnings nearly doubled in the first half, from SKr 38m to SKr 72m, but net financial costs rose from SKr 15m to SKr 23m. These higher costs emanated from the new U.S. subsidiary of ABU—a fishing equipment company which lost SKr 7.7m in 1978 and is cutting staff while taking over its own North American marketing—and from the Art Glass Company Orrefors, whose loss last year was SKr 5.8m.

Incentive provides no interim breakdown of results by subsidiary but says sales of its component sector, which serves the engineering, construction, rubber and other industries, were up 25 per cent to SKr 488m.

First quarter boost for Esselte

BY OUR STOCKHOLM STAFF

ESSELTE, the Swedish office equipment, packaging, printing and publishing group, reports a 33 per cent climb in pre-tax profit to SKr 88m ($21m) for the first three months of the financial year beginning April 1, with sales up by the same percentage to SKr 923m.

But the company cautions that because Dymo, the San Francisco-based labelling company, was not consolidated into Esselte until June 1 last year, the figures are not comparable. Adjusting for this, sales rose 11 per cent.

Mr. Sven Wallgren, the managing director, also told the shareholders' meeting he has no reason to believe pre-tax earnings for the full financial year will be less than the SKr 275m ($65m) on sales of roughly SKr 4 bn ($952m) predicted in the annual report two months ago. This would represent a 19 per cent increase in earnings and 17 per cent on sales.

Strong earnings growth by Agnelli holding company

BY OUR FINANCIAL STAFF

ISTITUTO Finanziario Industriale, the holding company for the Agnelli family interests in Fiat, Unicem and several other Italian companies, has recorded a 71 per cent jump in net profit for the year ended June 30 to L8.9bn (U.S.$11m).

The company did not give reasons for the strong profit growth but Fiat, in which it has a 30 per cent stake has been enjoying strong growth. In June Giovanni Agnelli, chairman of both Fiat and IFI, told other shareholders in the Turin based car group that vehicle sales were some 16 per cent ahead at the end of the group's first quarter.

Earlier this year IFI was involved in discussions aimed at purchasing the controlling stake in Fingest, the financial company controlled by the Milan based chemical conglomerate, Montedison, but this later went to the Bonomi family financial and investment company, Invest Spa.

IFI has decided to pay a dividend of L130 on its privileged shares and L80 on the ordinary shares. It has also set aside a total of L3.9bn which has been placed in a special reserve. This brings the amount in the special reserve to L27.7bn.

In addition to Fiat, IFI has a 24.6 per cent stake in IFI International which looks after the group's foreign interests. On the domestic front it has a 28.1 per cent interest in Unicem, one of the country's largest cement producers.

As well, it has a 51.8 per cent holding in IFIL, a financial and holding company which also has equity interests in Unicem, and Fiat.

A 14.2 per cent stake in La Rinascente—a retail and wholesale distributor—plus a 68.3 per cent holding in Fratelli Fabbri Editori, a book and manual publisher rounds out IFI's major investments.

Slight decline in profits at Swiss property group

BY JOHN WICKS IN ZURICH

AN UNCHANGED 7 per cent dividend is recommended for distribution by the Board of Intershop Holding Ag, the Zurich-based property development company specialising in shopping-centre projects. In Intershop's past financial year, which ended on March 31, the internationally-owned company recorded a slight fall in net profits from SwFr 3.84m to *SwFr 3.79m ($2.32m)* after a small increase in total income to SwFr 10.41m.

The virtual stagnation of earnings is attributed largely to the continued fluctuations ni exchange rates. Most of Intershop's investments showed a higher revenue in terms of local currencies, but all of these declined against the Swiss franc. Earnings by German participations were further diminished by higher corporate taxes in the Federal Republic.

Investment activity was again focused on the United States, where three additional shopping centres and two regional malls were purchased.

Saupiquet Ross to tackle French frozen food market

BY TERRY DODSWORTH IN PARIS

TWO LEADING European food processors, Groupe Saupiquet of France and Ross Foods of the UK, have launched a joint company aimed at capturing a significant share of the rapidly expanding French frozen foods market.

The new company, to be called Saupiqtet Ross, will have an initial capital of FFr 4.25m ($988,000), owned 51 per cent *by Saupiquet* and 40 per cent by Ross. The rest of the equity will be divided between two investment companies, Sopridi of France (7 per cent) and Shenley International Finance of the UK (2 per cent).

Behind the deal lies an attempt by the two companies to join their respective activities in an assault on the French frozen-food industry, which is currently enjoying a growth rate of about 15 per cent a year.

Saupiquet, in which Groupe Navigation Mixte has a 48 per cent stake, is estimated to be the largest canned-food producer in France, and claims to be the leading European manufacturer of tinned tuna fish. Following a series of takeovers in the 1960s and 1970s, it now has a consolidated turnover of about FFr 1bn, and a work force of 3,300 deployed in 12 factories in France, Portugal and West Africa.

However, the French group hit financial problems last year when it lost FFr 3.5m at parent company level and was only just in profit on its consolidated accounts. Following these losses, decisions were taken to rationalise production, streamline the work force, and diversify into frozen foods, M. Sylvain Wibaux, Saupiquet's managing director, said.

Ross Foods, a subsidiary of the Imperial group, said that the agreement fitted in with its aims of expanding in France with the collaboration of a French company, rather than setting up a separate subsidiary.

The British group, which had a turnover of £168m last year and profits of £4.5m, said that its expertise in frozen foods processing and distribution will be at the disposal of the joint company.

Ross claims to be the principal supplier of frozen food to the catering industry in Britain, although Birds Eye is the largest overall producer. Its largest overseas market is in the Middle East, while in continental Europe it has a solid position in Italy.

Takeover solution for AOIP

BY OUR PARIS STAFF

THE FRENCH telecommunications manufacturing industry is expected to take a further step towards raltionalisation in the next few weeks following an agreement in principle on the break-up of AOIP, the smallest producer in the sector.

Most of the assets of AOIP, a workers' co-operative founded in 1896, will be split up between the two leading groups in the industry, CIT-Alcatel and Thomson, providing their proposals for a deal are accepted.

The situation has arisen because AOIP has run into financial problems following the development of electronic switching systems, which require smaller workforces to manufacture.

Although Philips, the Dutch manufacturer, was apparently interested in a deal with the co-operative, the French Telephone Authority (PTT), asked CIT and Thomson to intervene with a French solution to the problem.

The two groups have now replied with a plan to take over most of AOIP, which has a turnover of about FFr 710m ($165m), in return for assurances on a continuing workload for the factories and some financial assistance.

Two main hurdles still have to be cleared. The first is to get the agreement of the PTT, which has a tutorial role in the industry, to assist the takeover. CIT and Thomson argue that they need help on this store because on a true economic basis up to 2,000 of the co-operative's 4,700 workforce could be trimmed. Secondly, the plan will have *to be passed by the AOIP work*force. Under the company's constitution, each worker is a shareholder, and although they voted for talks to start with the two larger groups, there is no guarantee that they will accept the reorganisation plan.

*This new move towards re*organising the French industry follows the takeover by Thomson of the ITT subsidiary LMT and of Ericsson's French subsidiary.

Heineken ahead on foreign sales

BY MICHAEL VAN OS IN AMSTERDAM

HEINEKEN, the beer concern, reported a net profit increase to Fl 80.6m ($40.5m) in the nine months ended June 30 from Fl 78.9m in the corresponding period of 1977-78. The nine-month reporting period results from the change from a split book year to the calendar year.

The company is to pay an interim dividend of Fl 1.50 per Fl 25 share. It said that the three-month extension of the book year will be taken into account when proposing the final dividend.

Sales in the latest nine months totalled Fl 2.04bn, compared with Fl 1.93bn in the same period of 1977-78.

Heineken said the consolidated figures were significantly influenced by exchange rate fluctuations of currencies in a number of countries where Heineken has subsidiaries. No details of the currency loss were given.

Although sales in Holland increased only slightly, sales of beer brewed under Heineken supervision has shown a further substantial increase, largely elsewhere in Europe and in the U.S. The board expects the development to continue for the rest of the year.

* * *

● The board of Royal Wessanen, the large foods and animal feed group, has predicted that the company's 1979 net profit would be lower than last year's figure of Fl 18.3m (US$9.2m).

This followed a sharp decline in the first half profit to Fl 4.4m from Fl 7.8m in the same period of 1978. During the period, sales were Fl 1.25bn against last year's comparable figure of Fl 1.19bn, having totalled Fl 2.46bn in 1978.

The board said the forecast reduced profit was largely attributable to the disappointing development in the production of artificial milk for animals.

In July it said that the lower first half result was due to an unexpected pressure on the prices of final products in the cocoa/oil sector while the expected prices recovery in the calf and pig fattening factories in Holland had not materialised.

Turnover remains steady for Hasler

BY OUR ZURICH CORRESPONDENT

TURNOVER OF the Swiss Hasler group, which operates primarily in the field of electrical engineering and telecommunications, remained almost steady at SwFr 426m ($261m). A 3 per cent decline to SwFr 341.2m on the part of Hasler AG, Berne, and falling sales by certain other Swiss and foreign subsidiaries were virtually compensated for by a marked rise in turnover of Hasler Installations AG, Autelca AG and Hasler Signal AG. Group order value rose over the year by 2.75 per cent to SwFr 411m.

The parent company Hasler-Holding AG, also of Berne, recorded a small improvement in net profits for the financial year ended June 30 to SwFr 5.09m ($3.12m), earnings from subsidiaries having risen to SwFr 4.89m.

* * *

The Swiss chemical company Ciba-Geigy AG, of Basle, announces that its U.S. household and toiletry products subsidiary Airwick Industries, of Carlstadt, N.J., is to acquire the American and Canadian kitchen scouring products business of GK Technologies, of Somerset, N.J. Sales of the Metex division of GK Technologies, which is responsible for these operations, last year totalled some $16m.

Smorgon offer for ATL shares

By James Forth in Sydney

THE SMORGON GROUP, one of Australia's largest private companies, has made a formal offer for the shares it does not already own in the betting systems operator, ATL, so altering its plans once again.

Smorgon originally announced an A$14.5m (U.S.$16.4m) bid in June of A$1.45 an ATL share, after building up a stake of close to 20 per cent of the capital. This offer was dropped after ATL directors announced the proposed sale of the group's U.S. offshoot, Autotote, and that they expected trading and extraordinary losses of more than A$8m.

In August Smorgon stood in the market offering A$1.25 a share, and lifted its holdings to 52 per cent but the directors said that there would be no revised formal offer for all the shares. Smorgon has now relented following a request for a bid from the ATL Board.

Smorgon is offering A$1.25 a share, but would not go ahead until the Sydney Stock Exchange waived a requirement that the offer price must match the higest price paid by Smorgon for ATL shares, and the ATL Board gave an unqualified recommendation for acceptance. Both these conditions have been met.

The sale of Autotote to an American consortium operating under the name of Federal Computer Corporation was ratified at an extraordinary meeting of ATL in July at a price of U.S.$17m. This was $1m more than originally proposed—after intervention in the deal by Smorgon.

Advance at LNC Industries

By Our Sydney Correspondent

LNC INDUSTRIES, the major motor vehicle distributor, plans a one-for-eight free scrip issue and higher dividend after increasing profit 75 per cent, from A$4.7m (U.S.$4.2m) to A$8.17m in the year to June 30. Moreover, the result was achieved on a marginal lift in turnover from A$272m to A$276m.

The dividend is up from 14.5 cents a share to 15 cents, while earnings per share rose from 24.2 cents to 42.5 cents. The directors said market conditions for the major operating divisions showed improvement.

Jordan Cement to float first private sector bond

BY RAMI G. KHOURI IN AMMAN

THE FIRST ever private sector corporate bond issue to be floated in Jordan goes on sale this month under the close watch of the local financial community. The Jordan Cement Factories Company is raising JD 5m (about US$ 16m) to finance part of its fifth kiln expansion project.

Arab Finance Corporation (Jordan) and Arab Jordan Investment Bank are co-managers and underwriters for the 10-year issue, which carries an interest rate of 8¾ per cent. The loan is Government guaranteed, and will enjoy the tax-free status offered to corporate bonds under a law that came into effect this year.

The balance of the fifth kiln financing package was raised last month in the form of a $15m syndicated loan whose lead managers are Chase Manhattan and Arab Bank Investment Company. That 10-year loan is at ⅞ per cent over Libor, and has a four-year grace period.

This is the first bond issue put together in Jordan for borrowers other than Government agencies, and is likely to spawn a series of successors if it is accepted quickly by the highly liquid local market. The state airline, Alia, for one, is watching the Cement bond closely to measure the market's view of its own tentative JD 30m local bond issue.

Estates bid withdrawal puzzle

BY PHILIP BOWRING

HIGHLANDS and Lowlands, the plantation group, has announced a rise of nearly 40 per cent in first-half profits to 23.4m ringgits (US$10.1m).

But the interim statement contains no clues to the reasons for the company's shock withdrawal last week of its bid for three related Hong Kong quoted estate companies. The withdrawal has sparked harsh criticism in Hong Kong.

The withdrawal of the bid for the three Hong Kong companies—Rubber Trust, Amalgamated Rubber and Shanghai Kelantan, came last Thursday as a bolt from the blue. Highlands had unsuccessfully bid late last year but for the three companies, which are controlled by the Kadoorie group. But its new offer, announced on August 7, was regarded as generous and likely to succeed.

In explaining the withdrawal to Hong Kong's Securities Commission, the Highlands' merchant banker, Baring Brothers, is believed to have expressed the concern that it regarded the response of the Kadoorie group to the new offer as having been slow.

The main reasons for Highlands' first-half profit rise were a recovery in palm oil production from the drought-time previous year. Output was up 13 per cent and the net price received rose by 22 per cent. Rubber output was down 6 per cent as a result of reduced acreage but prices were 23 per cent higher on average. No forecast for the full year was given, beyond the prediction that there would be a "significant improvement" over last year's 46.18m ringgit profit.

Rubber companies ahead

BY WONG SULONG IN KUALA LUMPUR

TWO SMALL rubber companies on the Kuala Lumpur exchange, with substantial British interests — Riverview Rubber Estates and Bedford Plantations —have registered sharp gains in half-year profits due to better output and favourable prices.

Pre-tax profit of Riverview was 1.68m ringgit ($0.78m) or 42 per cent higher than the previous comparable half, while Bedford recorded a gain of 300,000 ringgit compared with 168,000 ringgit previously.

Riverview has paid interim dividends totalling 7 per cent. Bedford does not pay interim dividends, but it gave a 30 per cent final dividend last year.

UOL in S$15m property deal

BY OUR SINGAPORE CORRESPONDENT

MALAYAN CREDIT, a local property developer has agreed to sell its major commercial building, Malayan Credit House, to United Overseas Land (UOL) for S$15m (US$7m). The consideration will be met by the issue of 10m new UOL shares, valued at S$1.50 each.

However, Malayan Credit may within one month elect to receive cash in lieu of shares, in which case UOL will arrange for the new shares to be underwritten by a Merchant bank acceptable to Malayan Credit.

In addition, if UOL does not proceed to issue the shares, it will have to complete the purchase by payment in cash. The 10m shares, if issued, will constitute 10.8 per cent of an enlarged UOL issued capital of S$92.44m. UOL is purchasing the building, which has a total rentable space of 64,309 sq ft.

UOL, which is one of Singapore's major property developers and is a member of the United Overseas Bank group, has also agreed to lease the entire seventh floor back to Malayan Credit, which is already occupying it on a five years basis, at the existing rent. There is also an option for Malayan Credit to renew the lease for a further five years at a rent 10 per cent higher than the existing terms.

Observers believe that Malayan Credit is likely to exercise its cash option to reduce the group's substantial borrowings.

Larsen and Toubro to make rights issue

By K. K. Sharma in New Delhi

LARSEN AND TOUBRO, the heavy engineering company, will issue 2,883,168 equity shares as rights shares by the end of this month at a premium of Rs 12 ($1.50) and a face value of Rs 10.

The company has reported improved working results in the first five months of the current financial year, with higher production, sales and orders than in the corresponding period of the previous year.

Mr. N. M. Desai, the chairman, said production during April-August was Rs 332m against Rs 305m in the same period last year; sales were Rs 474m compared with Rs 382m; and order booking was Rs 483m compared with Rs 432m.

The management expects that the advance will continue through the rest of the year, resulting in a good profit.

Larsen and Toubro has decided to set up a joint venture in Singapore to make bottle tops such as roll-on pilfer-proof caps and aluminium foil capsules. It will subscribe up to Rs 11.2m, roughly 75 per cent of the share capital. The balance will be taken up by the Development Bank of Singapore. Production is expected to begin by early 1981.

Profit up 74% at Straits Trading

By Georgie Lee in Singapore

GROUP POST-TAX profit soared 74 per cent to S$18.4m (U.S.$8.60m) for the half-year ended June 1979 at the Straits Trading Company, the major tin smelting and investment group.

Straits Trading said that the trading results maintained the improved levels attained in the second half of 1978, and were augmented by an increased contribution from interest on funds and by exceptional income from specially processed material. The group has declared a first interim gross dividend of 14 per cent.

Turnover was only 6.8 per cent higher at S$503m (U.S.$235m) while trading profit rose sharply by 93 per cent to S$19.6m.

MALAYSIAN SHARES

Financing the switch

BY PHILIP BOWRING IN KUALA LUMPUR

MALAYSIA'S national investment fund, Permodalan Nasional, the latest and potentially the largest of the Government financed institutions buying corporate assets on behalf of Bumiputras (Malays and other indigenous people) has acquired more than 100m ringgit of equity share in its first year of operation. According to Encik Mohamad Desa, its general manager, the speed of asset acquisition is increasing. The fund is now also getting set to acquire big stakes in state owned commercial and industrial undertakings.

The role of the fund is to play a critical part in Malaysia's New Economic Policy aim of bringing Bumiputra ownership of corporate assets to 30 per cent by 1990. The level is currently little over 10 per cent.

The fund was originally given 200m ringgit to last to the end of the Third Malaysian Plan—or to end-1980—but in the mid-term review of the Plan this year, it was allocated a further 300m ringgit. So it still has 400m ringgit to spend in some 15 months.

The fund's available resources will be further increased next year when it launches on the Bumiputra public a national unit trust, the Amanah Saham Nasional. The fund will place part of its portfolio into the trust and sell units to the public, generating additional cash for its own purchases. It is expected that the unit trust will be launched some time in the first half of the year.

The volume of money at the fund's disposal has caused concern that it will be forced to buy heavily in the narrow local stock market, so bidding prices up sharply. However, the management says that it will be cautious in its approach to buying in the market, and will not act aggressively. So far, at least, it has succeeded in making a major part of its purchases through large off-market deals—notably a 4 per cent stake in Sime Darby, acquired through two fortuitous, forced disposals, and a 10 per cent stake in East Asiatic (Malaysia), acquired when the local arm of the Danish parent went public and set aside a large part of its offering for Bumiputuras. These two account for about half the fund's holdings, the rest being spread among some 40 other companies.

Encik Desa is confident that there will be sufficient new issues and placements coming along, particularly of foreign-owned companies restructuring themselves to meet Malaysian national aspirations, to provide a flow of new investment opportunities and thus keep down the amount of its direct market purchases.

The fund is also buying into unquoted companies. So far these account for about 5 per cent of its portfolio. Encik Desa would like to raise this to around 20 per cent, and says that several foreign-owned companies are interested. They are said to like the idea of the fund as a stable, long-term Bumiputra partner, and as offering a means to spread ownership without having to go public. However, Encik Desa points out that the fund will have to be cautious in buying into unlisted companies. The fund is in business as a trustee investor, not as a provider of venture capital. Every company in which the fund invests must have a good record of profitability and dividend payments.

The Malaysian national investment fund plans to set up a unit trust to support the transfer of share ownership into Bumiputra hands

Encik Desa's problems in finding suitable investments will be transformed by a highly significant, if low key, announcement recently by Malaysia's Finance Minister, Tunku Razaleigh Hamzah. The Minister said that the Government was going to sell some of the shares it holds in state corporations to the national investment fund. The state-owned sector in Malaysia is very large and growing rapidly. Potential candidates for fund investment could include subsidiaries of Pernas, the national corporation; the nation's two largest banks, Bank Bumiputra, which is wholly owned by the Government, and Malayan Banking, which is partly Government-owned and is already quoted on the stock exchange; Malaysian Airlines System; Malaysian International Shipping Corporation; and Petronas, the national oil company.

The Government is apparently now considering which of these companies might be most suitable for Bumiputra fund investment, the size of stake which should be sold, and the criteria for pricing the shares.

The profit records of the state corporations have been mixed. The fund is likely to fight shy of all but the most successful. For that reason it is unlikely that Pernas itself will be sold off, though it has now been making money for two years and though the Government is committed to making its shares available eventually to Bumiputras. More likely, the fund will buy into successful Pernas subsidiaries, such as the Malaysian Mining Corporation, the tin mining holding company in which Charter Consolidated has a 28 per cent interest.

More details on Government intentions are expected to be revealed in the late October budget. The unit trust will not necessarily adopt the same investment policy as the fund. The object is to sell the idea of unit investment to as many Bumiputra small investors as possible.

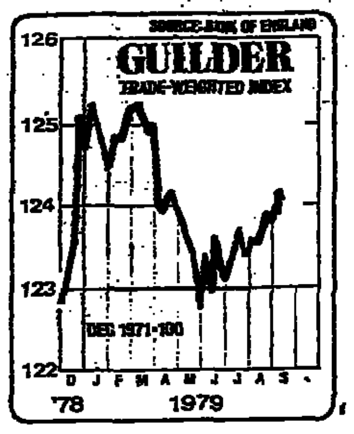
It will have advantages not enjoyed by other trust managers. Shares offered to Bumiputras are normally priced below market value. Also, the fund will be able to cushion the trust against a sharp fall in unit values by moving shares from fund to trust and vice versa at prices favourable to the trust.

That second advantage is not enjoyed by existing Bumiputra unit trusts run by the MARA organisation. MARA trusts have been successful in attracting investment from the growing Bumiputra middle class. But the new national unit trust will cast its net much wider, selling even to small farmers. The minimum unit subscription will probably be as low as 50 ringgit (less than U.S.$25) with the upper limit 50,000 ringgit.

Rural bank branches and even co-operatives may be used as selling agents. Already the fund is organising lectures at the local community level to explain the notion of a unit trust to rubber tappers and rice farmers who are often barely literate. This selling effort could in the long term be the most important part of the fund's work. It is easy enough for a Government flush with revenue to dole out money to institutions to buy shares on behalf of Bumiputras. But if the Bumiputra share ownership objectives are to mean anything to the Bumiputra masses, it may be through transfer of assets to individuals.

Dollar firm

The U.S. dollar improved in quiet trading in the foreign exchange market yesterday, reflecting assistance from European central banks and the U.S. Federal Reserve. Sterling was steady with its trade-weighted index, on Bank of England figures, unchanged at 71.3, after standing at 71.3 at noon and 71.2 in the morning. But the pound lost ground against the dollar in line with most other currencies. Sterling opened at $2.2385-$2.2395, and fell to a low point of $2.2380-$2.2390, before touching a best level of $2.2425-2.2435 at midday. The pound traded around $2.2425 for most of the afternoon, but declined in late business to close at $2.2400-$2.2410, a fall of 50 points on the day.



The dollar rose to DM 1.8120 from DM 1.8085 against the D-mark, to SwFr 1.6330 from SwFr 1.6265 against the Swiss franc, and to Y221.45 from Y220.85 in terms of the Japanese yen. According to the Bank of England, the dollar's index rose to 84.5 from 84.3.

FRANKFURT — The Bundesbank bought $9.25m when the dollar was fixed at DM 1.8115 against the D-mark, compared with DM 1.8049 previously.

COPENHAGEN—The Danish krone remained around its lowest permitted limit against the D-mark in moderate trading, and was fixed at DKr 2.8878 compared with DKr 2.8882 on Monday. The official floor is DKr 2.8864, and although the authorities raised the interest rate on call money in the inter-bank market on Monday to stem foreign exchange outflows this had little effect on yesterday's currency trading.

PARIS—The dollar rose to FFr 4.2255 against the French franc at the fixing, from FFr 4.2150 on Monday. The D-mark eased to FFr 2.3328 from FFr 2.3349, and sterling to FFr 9.4770 from FFr 9.4815. The Swiss franc was quoted at FFr 2.5882 compared with FFr 2.5960, while the French franc also firmed against the Japanese yen to Fr 19.106 per 1,000 yen from FFr 19.128. The Bank of France intervened in the foreign exchange market by selling over 100m D-marks, the largest quantity for some time. Although the franc is not particularly weak at present, all members of the European Monetary System are regarded as vulnerable against the D-mark.

AMSTERDAM — The dollar improved against the guilder at the fixing, rising to Fl 1.9890 from Fl 1.9825 on Monday.

MILAN — At yesterday's fixing the dollar regained the ground lost on Monday, rising to L813.30 against the lira from the previous fixing level of L810.55.

TOKYO—The dollar closed firmer at Y221.10 against the yen, compared with Y220.25 on Monday. Trading was moderate, with the U.S. currency edging up in late trading, helped by buying by Japanese banks for import settlements and by Japan's continuing inflation and slow export growth. The 1.6 per cent rise in Japanese wholesale prices between August and July, to give an annual increase of 10.9 per cent, and the year-on-year growth of only 5 per cent in August certified exports disappointed the market and increased the pressure on the yen.

THE POUND SPOT AND FORWARD

Sept. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2380-2.2435	2.2400-2.2410	0.42-0.32c pm	1.98	0.87-0.77 pm	1.46
Canada	2.6000-2.6100	2.6005-2.6015	0.70-0.60c pm	2.99	1.65-1.50 pm	2.42
Nethlnd.	4.44½-4.47½	4.45½-4.46½	2-1c pm	4.04	5¼-4¼ pm	4.25
Belgium	65.00-65.35	65.10-65.20	15-5c pm	1.84	30-20 pm	1.53
Denmark	11.67½-11.73	11.70¾-11.71¾	5¼-7¼ore dis	-6.91	12¼-15¼ dis	-4.70
Ireland	1.0745-1.0800	1.0780-1.0790	20-30p dis	-2.78	72-82 dis	-3.22
W. Ger.	4.04½-4.07½	4.05¾-4.06¾	2¾-1¾pf pm	7.01	7¼-6¼ pm	6.53
Portugal	109.70-110.50	110.00-110.30	35-85c dis	-6.53	135-235 dis	-6.72
Spain	147.80-148.20	147.90-148.00	70-120c dis	-8.49	315-415 dis	-9.87
Italy	1,818-1,824	1,821½-1,822½	1½lire pm-½lire dis	0.49	2-4 dis	-0.59
Norway	11.19-11.22½	11.20-11.21	3¼-1¼ore pm	2.47	8-6 pm	1.78
France	9.44½-9.49	9.47¼-9.48¼	1½-½c pm	1.74	3¼-2¼ pm	1.27
Sweden	9.40-9.44	9.41-9.42	2¼-¼ore pm	2.23	4¼-2¼ pm	1.40
Japan	493-498	496-497	3.30-3.00y pm	7.61	8.75-8.40 pm	6.91
Austria	29.15-29.30	29.20-29.25	20-10gro pm	6.16	48-38 pm	5.89
Switz.	3.64½-3.67½	3.65¼-3.66¼	4-3c pm	11.47	11-10 pm	11.47

Belgian rate is for convertible francs. Financial franc 68.25-68.35. Six-month forward dollar 1.47-1.37c pm. 12-month 3.05-2.95c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2380-2.2435	2.2400-2.2410	0.42-0.32c pm	1.98	0.87-0.77 pm	1.46
Ireland†	2.0760-2.0805	2.0770-2.0800	1.10-0.80c pm	5.48	2.50-2.30 pm	4.62
Canada	1.1610-1.1640	1.1614-1.1617	0.12-0.08c pm	1.03	0.24-0.18 pm	0.77
Nethlnd.	1.9875-1.9930	1.9885-1.9905	1.00-0.90c pm	5.73	2.90-2.75 pm	5.68
Belgium	29.05-29.07½	29.05-29.07	par-1½c dis	-0.31	2 pm-par	0.14
Denmark	5.2250-5.2300	5.2275-5.2290	3.40-3.90ore dis	-8.38	7.70-8.20dis	-6.08
W. Ger.	1.8100-1.8125	1.8108-1.8118	0.81-0.71pf pm	5.03	2.39-2.29 pm	5.17
Portugal	49.06-49.15	49.08-49.13	24-34c dis	-7.09	70-110 dis	-7.33
Spain	66.03-66.10	66.04-66.07	45-65c dis	-9.99	170-190dis	-10.90
Italy	812.85-813.60	813.20-813.50	0.80-1.10lire dis	-0.13	4.20-4.70dis	-2.19
Norway	4.9980-5.0010	4.9990-5.0000	0.50ore pm-par	0.60	0.80-0.30 pm	0.44
France	4.2240-4.2275	4.2260-4.2270	0.04-0.14c dis	-0.25	0.20-0.30dis	-0.24
Sweden	4.2010-4.2035	4.2012-4.2022	1.50-1.45ore pm	4.27	4.25-4.20 pm	4.02
Japan	220.90-221.50	221.20-221.40	1.10-0.95y pm	5.56	3.10-2.95 pm	5.47
Austria	13.03½-13.04½	13.04-13.04½	5.80-5.30gro pm	5.10	15.50-14 pm	4.52
Switz.	1.6300-1.6335	1.6306-1.6316	1.50-1.45c pm	10.85	4.25-4.20 pm	10.36

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Sept. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.580702	0.621693
U.S. $	10½	1.30623	1.39819
Canadian $	12¼	1.51993	1.62945
Austria Sch	3¾	n/a	18.1695
Belgian F	9	37.8447	40.4985
Danish K	9	6.80285	7.28037
D Mark	5	2.35761	2.52331
Guilder	8	2.58960	2.77121
French Fr.	9½	5.50576	5.89196
Lira	10½	1058.70	1135.23
Yen	5¼	287.893	308.300
Nrwgn. K.	7	6.51609	6.97584
Spanish Pes.	8	86.3595	92.3573
Swedish Kr.	7	5.47963	5.86612
Swiss Fr.	1	n/a	2.27066

CURRENCY MOVEMENTS

Sept. 10	Bank of England Index	Morgan Guaranty changes %
Sterling	71.5	-34.2
U.S. dollar	84.5	-8.9
Canadian dollar	80.9	-16.8
Austrian schilling	151.7	+21.8
Belgian franc	114.4	+13.6
Danish kroner	114.3	+2.9
Deutsche mark	152.9	+42.7
Swiss franc	200.4	+82.5
Guilder	124.2	+19.0
French franc	99.4	-7.2
Lira	55.5	-48.7
Yen	129.0	+27.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 11	£	$		Note Rates
Argentina Peso	3318-3338	1457-1445	Austria	28¾-29¾
Australia Dollar	1.9815-1.9915	0.8846-0.8869	Belgium	68-69
Brazil Cruzeiro	61.62-62.62	27.51-28.00	Denmark	11.65-11.80
Finland Markka	8.59-8.61	3.8350-3.8440	France	9.43-9.52
Greek Drachma	81.695-83.650	36.47-37.35	Germany	4.00-4.10
Hong Kong Dollar	11.38¼-11.58¼	5.0740-5.0825	Italy	1,800-1,850
Iran Rial	156.94-164.79	70-73½	Japan	495-505
Kuwait Dinar (KD)	0.613-0.623	0.2718-0.2748	Netherlands	4.40-4.50
Luxembourg Frc.	65.10-65.20	29.05-29.07	Norway	11.15-11.30
Malaysia Dollar	4.8245-4.8345	2.1525-2.1555	Portugal	108-114
New Zealand Dlr.	2.2140-2.2240	0.9881-0.9911	Spain	147-150
Saudi Arab. Riyal	7.47-7.57	3.3590-3.3620	Switzerland	3.60-3.70
Singapore Dollar	4.82-4.85	2.1510-2.1540	United States	2.24-2.25½
Sth. African Rand	1.8650-1.8730	0.8315-0.8350	Yugoslavia	46-48

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5169	+2.68	+1.50	±1.53
Danish Krone	7.08592	7.28330	+2.79	+1.61	±1.635
German D-Mark	2.51064	2.52438	+0.55	-0.63	±1.1325
French Franc	5.79831	5.88837	+1.55	+0.37	±1.35
Dutch Guilder	2.72077	2.77174	+1.87	+0.69	±1.5075
Irish Punt	0.662638	0.670290	+1.15	-0.02	±1.665
Italian Lira	1148.15	1133.29	-1.29	-1.29	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.241	4.063	496.5	9.478	3.660	4.460	1822.	2.601	65.15
U.S. Dollar	0.446	1.	1.813	221.6	4.230	1.634	1.991	813.2	1.161	29.08
Deutschemark	0.246	0.552	1.	122.2	2.333	0.901	1.098	448.5	0.640	16.04
Japanese Yen 1,000	2.014	4.513	8.183	1000.	19.09	7.372	8.985	3670.	5.239	131.2
French Franc 10	1.055	2.364	4.286	523.9	10.	3.862	4.706	1922.	2.744	68.74
Swiss Franc	0.273	0.612	1.110	135.7	2.589	1.	1.219	497.8	0.711	17.80
Dutch Guilder	0.224	0.502	0.911	111.3	2.125	0.821	1.	408.5	0.583	14.61
Italian Lira 1,000	0.549	1.230	2.230	272.5	5.202	2.009	2.448	1000.	1.428	35.76
Canadian Dollar	0.384	0.861	1.562	190.9	3.644	1.407	1.715	700.5	1.	25.05
Belgian Franc 100	1.535	3.439	6.236	762.1	14.55	5.618	6.846	2797.	3.992	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.15-12.25 per cent; three months 12.40-12.50 per cent; six months 12.45-12.55 per cent; one year 11.95-12.05 per cent.

Sept. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14-14¼	11⅝-11⅞	10¼-11¼	9⅝-9⅞	⅝-1⅛	5⅞-6¼	10⅞-11⅛	9-11	—	5⅞-6⅛
7 days' notice	13⅞-14⅛	11⅞-12⅛	10¾-11¼	9⅝-9⅞	⅝-⅞	5⅞-6⅛	11-11½	11½-13¼	—	6-6¼
Month	14⅛-14⅜	12¼-12⅜	11½-11¾	9⅝-9⅞	1⅞-2	7⅛-7⅜	12½-12⅞	13-14	11⅝-11⅞	6¼-7¼
three months	14⅛-14⅜	12⅝-12⅞	11¾-12	9⅝-9⅞	2-2⅛	7⅛-7¼	12⅞-13⅛	14¼-15¼	12½-12⅝	6⅞-7⅛
six months	14-14¼	12⅝-12⅞	11⅞-12	9⅝-9⅞	2⅛-2¼	7¼-7½	13⅛-13⅜	14⅜-15⅜	12⅝-12⅞	6⅞-7⅛
one year	13⅝-14	12-12¼	11½-11¾	9⅝-9⅞	2⅛-2¼	7¼-7½	13⅛-13⅜	15-16	12-12⅛	6⅞-7¼

Long-term Eurodollar: two years 11⅛-11⅜ per cent; three years 11⅛-11⅜ per cent; four years 11-11¼ per cent; five years 10⅞-11 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Further rise in French rates

The Bank of France took the unusual step yesterday of increasing its Treasury bill rates twice. Following an announcement in the morning of a half-point increase in one, three and six-month rates, the authorities boosted rates during the afternoon by a further ¼ point for one-month to 11¾ per cent and half a point for three and six-month to 11¾ per cent and 11¾ per cent respectively. This makes the third rise this week, and was seen purely as a defensive measure in the light of growing external pressure. The latter has taken the form of a stronger D-mark and increasing speculation that some form of currency realignment within the European Monetary System may soon be forthcoming.

The increase in rates is also likely to have the supplementary effect of stifling any rise in domestic liquidity, and will help the authorities to maintain a firmer grip on monetary growth. Call money rose to 10⅞ per cent, its highest level since early 1978, and compared with 10¼ per cent on Monday, a level held since August 26. Period rates were also firmer, with one-month at 11⅛-11¼ per cent, up from 11-11¼ per cent and three, six and 12-month money all at 11¼-12 per cent against 11⅝-11¾ per cent.

FRANKFURT — Short term rates showed a slightly easier tendency yesterday while longer periods were hardly changed. Call money was quoted at 7.00-7.10 per cent from 7.00-7.20 per cent on Monday, with one-month money slipping to 7.50-7.75 per cent from 7.60-7.80 per cent. Three six and 12-month money were all quoted at 7.80-7.95 per cent compared with 7.80-8.00 per cent previously.

BRUSSELS—The interest rate on four month Treasury bills was increased at yesterday's weekly tender to 12.1 per cent from 12 per cent. Rates on one, two and three month Treasury bills however remained unchanged at 12 per cent.

HONG KONG—Conditions in the money market were generally steady in the morning with funds even more plentiful during the afternoon. Call money was quoted at 9¼ per cent with overnight business dealt as low as 6 per cent.

GOLD

Further record

Gold rose $3¾ to a record closing level of $339-339¾. Trading was moderate, with the metal opening at $338¾-339¼, and falling to a low point of $337-337¾. It was fixed at $338.65 in the morning, and at $339.50 in the afternoon.

GOLD

	Sept. 11	Sept. 10
Gold Bullion (fine ounce)		
Close	$339-339¾ (£151.3-151.8)	$335¼-336 (£148.2-148.8)
Opening	$338½-339¼ (£151.1-151.4)	$336¼-337 (£148.4-148.7)
Morning fixing	$338.65 (£150.947)	$336.40 (£149.511)
Afternoon fixing	$339.50 (£151.373)	$336.80 (£149.680)
Gold Coins, domestically		
Krugerrand	$348½-350½ (£155¼-156¼)	$345-347 (£153¾-154¾)
New Sovereigns	$87-89 (£38¾-39¾)	$86½-88½ (£38½-39½)
Old Sovereigns	$117-119 (£52¼-53¼)	$117-119 (£52-53)
Gold Coins, internationally		
Krugerrand	$348½-350½ (£155¼-156¼)	$345-347 (£153¾-154¾)
New Sovereigns	$87-89 (£38¾-39¾)	$86½-88½ (£38½-39½)
Old Sovereigns	$117-119 (£52¼-53¼)	$117-119 (£52-53)
$20 Eagles	$479-484	$480-485
$10 Eagles	$286-290	$286-291
$5 Eagles	$240-245	$241-246

The krugerrand rose to $348½-350½ from $345-347, while the Canadian Mapleleaf, a similar coin which went on sale for the first time last week, was quoted in Europe at $363½-368½.

UK MONEY MARKET

Large shortage

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills both directly and indirectly, and a small number of corporation bills direct from the discount houses. In addition *they lent a small amount to* three or four houses at MLR for repayment today. Total assistance was termed as large. Discount houses were paying 13½-13¾ per cent for secured call loans at the start and closing balances were taken in the region of 13¾ per cent.

The market was faced with the purchase of a very large number of eligible bank bills which formed a previous sale and re-*purchase agreement, and a small* net take up of Treasury bills. In addition banks brought forward balances a small way below target.

In the interbank market overnight loans opened at 13¾-14 per cent and traded for most of the day at 14¼-14½ per cent. During the afternoon however, money touched 15-20 per cent before coming back at the close to 11-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 11 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-20	—	—	—	14¼-14½	13¾-14	—	—	—
2 days notice	—	—	14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14 1/16-14 3/16	14½	—	14½	14½	13⅞-14	—	—	—
One month	14¼-14⅛	14⅛-14¼	14⅛	15-14¾	14½	14⅜	13⅞	13 11/32	14⅛	14⅝
Two months	14¼-14 1/16	14⅛-14¼	—	14¾-14½	14½	—	13⅞	13 11/32	14 1/16-14¼	14½
Three months	14 1/16-14 1/16	14⅛-14¼	14⅛	14⅛-13¾	14½	14½	13¾	13⅜	14	14⅜
Six months	13 15/16-13 13/16	13¾-13⅞	13⅞	13⅝-13¼	14	—	—	—	13 15/16	13⅞
Nine months	13 9/16-13 11/16	13 9/16-13 11/16	—	12½-13⅛	13⅝	—	—	—	—	—
One year	12 27/32-12 15/16	12 15/16-13 1/16	13⅛	13⅛-12¾	13¼	—	—	—	—	—
Two years	—	—	13⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 13⅛ per cent; four years 13⅛ per cent; five years 13¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13½ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13 11-64ths-13 3/16 per cent; two-month 13 19-64ths-13 5/16 per cent; three-month 13 21-64ths-13 11/32 per cent. Approximate rates for one-month bank bills 14 3/16-14 5/16 per cent; two-month 14 3/16-14⅛ per cent; and three-month 13 27/32-13⅞ per cent; one-month trade bills 14¾ per cent; two-month 14¾ per cent; and three-month 14⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3485 per cent.

MONEY RATES

NEW YORK

Prime Rate	12.5-12.75
Fed Funds	11.375
Treasury Bills (13-week)	10.56
Treasury Bills (26-week)	10.30

GERMANY

Discount Rate	5
Overnight Rate	7.05
One month	7.525
Three months	7.875
Six months	7.875

FRANCE

Discount Rate	9.5
Overnight Rate	10.875
One month	11.3125
Three months	11.5375
Six months	11.9375

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.8125
Bills Discount (3-month)	7

هكذا من الأصل

THIS ANNOUNCEMENT IS ISSUED IN CONNECTION WITH A PLACING OF 50,000 PARTICIPATING REDEEMABLE PREFERENCE SHARES OF BRITANNIA CAPITAL DEPOSIT TRUST LIMITED ("THE TRUST") AT A SUBSCRIPTION PRICE OF £10 PER SHARE.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Trust. The directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the 50,000 Participating Redeemable Preference Shares of to each of the Trust to be admitted to the Official List.

BRITANNIA CAPITAL DEPOSIT TRUST LIMITED

(Incorporated with limited liability in Jersey as a company under the Companies (Jersey) Laws 1861 to 1968)

AUTHORISED SHARE CAPITAL

100 Management shares of £10 nominal each issued and fully paid.
5,050,000 Unclassified shares of 1p nominal each available for issue.

Unclassified Shares will be issued as Participating Redeemable Preference Shares for the purpose of satisfying applications and as Nominal Shares for the purposes of facilitating the redemption of Participating Redeemable Preference Shares.

At the 7th September, 1979 the Trust does not have any debentures, loan capital, borrowings or indebtedness in the nature of borrowings (including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits), mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

BOARD OF DIRECTORS

PETER BEARDSLEY HIGGINS (Chairman) F.C.A., C.Eng., F.I.M., *Chairman, Britannia Trust Management (C.I.) Limited*, La Colline, Mont Gras d'Eau, St. Brelade, Jersey, C.I.
STUART ANDREW GOLDSMITH, B.A., *Group Investment Director, Britannia Group of Investment Companies*, The Carrier, Elmdon, Saffron Walden, Essex, England.
RICHARD FRANK WILKINSON, A.I.B., *Managing Director, Britannia Trust Management (C.I.) Limited*, La Coquille, Rozel Bay, Trinity, Jersey, C.I.
GILLES de SEZE, *Investment Manager, Private Clients Division, Banque Occidentale pour l'industrie et le commerce*, 150 Rue de Rivoli, Paris 1, France.
THOMAS STEWART JAMIESON, *Managing Director, St. George Assets Limited*, Balladoole Cottage, Fishers Hill, Castletown, Isle of Man.

MANAGERS, SECRETARY AND REGISTRAR

Britannia Trust Management (C.I.) Limited, P.O. Box 271, 30 Bath Street, St. Helier, Jersey, C.I. (Tel: 0534-73114)

REGISTERED OFFICE

Trinity House, 30 Bath Street, St. Helier, Jersey, C.I.

DIRECTORS OF THE MANAGERS

PETER BEARDSLEY HIGGINS (Chairman), STUART ANDREW GOLDSMITH, ALAN TOM MAIDMENT, CHARLES STEWART PALING, KENNETH STEVENTON, RICHARD FRANK WILKINSON.

INVESTMENT ADVISERS

BRITANNIA TRUST MANAGEMENT LIMITED, 3-4 London Wall Buildings, London Wall, London EC2M 5QL. (Tel: 588-2777.)

CUSTODIAN

NATIONAL WESTMINSTER JERSEY TRUST COMPANY LIMITED, P.O. Box 6, 45 La Motte Street, St. Helier, Jersey, C.I.

BANKERS TO THE MANAGERS

NATIONAL WESTMINSTER BANK LIMITED, 16 Library Place, St. Helier, Jersey, C.I.

AUDITORS

COOPERS & LYBRAND, *Chartered Accountants*, La Motte Chambers, St. Helier, Jersey, C.I.

LEGAL ADVISERS TO THE TRUST AND THE MANAGERS (JERSEY)

MICHAEL VOISIN & CO., Templar House, Don Road, St. Helier, Jersey, C.I.

LEGAL ADVISERS TO THE TRUST AND THE MANAGERS (LONDON)

SIMMONS & SIMMONS, 14 Dominion Street, London EC2M 2RJ.

BROKERS TO THE ISSUE

JOSEPH SEBAG & CO., Bucklersbury House, 3 Queen Victoria Street, London EC4N 8DX.

Copies of these particulars are available from the Managers, the Investment Advisers or the Brokers to the issue

INTRODUCTION

The Trust was incorporated on 31st August, 1979 with limited liability in Jersey under the provisions of the Companies (Jersey) Laws 1861 to 1968. It can issue and redeem Shares at prices based on its net asset value and therefore operates on the same principles as a mutual fund or unit trust.

INVESTMENT CONCEPT

Britannia Capital Deposit Trust Limited is designed to provide investors (both individuals and corporations) with a convenient vehicle for the investment of liquid funds by means of a professionally managed portfolio of short term money market instruments and fixed interest securities. Utilising the specialist investment expertise of, and available to, the Britannia Group of Investment Companies, the Directors' objective is to improve the capital value of the assets of the Trust while providing at the same time a high degree of security of capital and ready availability of funds.

INVESTMENT POLICY

It is envisaged that a high proportion of the assets of the Trust will normally consist of money market instruments and fixed interest investments denominated in Sterling, most of which will have a maturity date within nine months of the date on which they are purchased.

The return on these investments will result from the increase in their value as they approach their maturity date.

At all times the investment emphasis will be mainly on Bank and Trade Bills, Certificates of Deposit, other prime quality commercial liabilities, Local Authority and Commonwealth issues, very short-dated gilt-edged stocks and cash deposits. Investments acquired by the Trust will normally have maturity dates of between three and nine months after the date of their purchase. However, if the prevailing market conditions indicate that a small part of the Trust's assets should be held in first class medium term investments of up to five years' maturity, the investment policy of the Trust will permit such assets to be held.

In periods of stable U.K. interest rates the value of the Trust will always rise because of the relatively short terms of maturity of the Trust's investments and the accrual of interest. It would only be the circumstances of a sharp rise in U.K. interest rates that would result in a temporary fall in value. A sharp fall in interest rates would cause the value of the Trust to rise. The Directors anticipate that the trend for U.K. interest rates over the next year will be downwards.

DIVIDEND POLICY

The Directors intend to distribute on the 31st January in each year (commencing 31st January, 1981) substantially the whole of the Trust's net income after allowing for the Trust's expenses. This dividend is expected to produce a yield of between one-quarter and one-half of one per cent per annum.

THE DIRECTORS

Mr. P. Higgins is 64 and has been chairman of all the Britannia Group companies in Jersey since their inception in 1971. Prior to that, he was the chairman and a director of several U.K. public companies and of companies in the Channel Islands.

Mr. S. Goldsmith is 34. He joined the Britannia Group in 1971 and was appointed to the Board of Britannia Arrow Holdings Ltd. in 1978.

Mr. R. Wilkinson is 35. He joined the Britannia Group in 1972. He was appointed a director of Britannia Trust Management (C.I.) Limited in 1974 and Managing Director in 1976.

Mr. G. de Seze is 38 and has been investment manager of the private clients division of Banque Occidentale for five years.

Mr. Higgins is chairman and Messrs. Goldsmith, Wilkinson and de Seze are directors of several public investment trust companies registered in Jersey and managed by Britannia Trust Management (C.I.) Limited.

Mr. T. Jamieson is 38 and is managing director and chief executive of St. George Assets Limited which was granted a listing on the Stock Exchange in July 1979. He has recently accepted a non-executive advisory appointment with Britannia Financial Services Limited in relation to its Isle of Man branch.

THE MANAGERS

The Trust has appointed as Managers, Britannia Trust Management (C.I.) Limited, to manage the business of the Trust including its investments. The Managers will be advised by the Investment Advisers, Britannia Trust Management Limited, London.

The Managers will also act as Secretary and Registrar of the Trust.

Both the Managers and the Investment Advisers are members of the Britannia Group of Investment Companies.

THE INVESTMENT ADVISERS

Britannia Trust Management Limited ("Britannia"), London, has an established and proven investment record and manages over £200,000,000 for more than 220,000 investors. Britannia is one of the leading U.K. unit trust management groups and its 23 Trusts offer the widest range in the U.K.

Over the years it has developed close connections with banking and other institutions in the London money market. Therefore, in addition to its own expertise, Britannia will benefit from constant communication with other market participants and brokers when dealing with the assets of the Trust.

THE CUSTODIAN

The Trust has appointed National Westminster Jersey Trust Company Limited ("the Custodian") as its Custodian. The Custodian is a member of the National Westminster Bank Group, one of the largest banking groups in the world. The Custodian will hold (either itself or through its agents or delegates) all the cash of the Trust and all documents of title to its assets.

CHARGES AND FEES

The Managers will make no initial charge on subscriptions to the Trust in the initial offer periods. They will receive for their management services a weekly fee from the Trust of 1/52nd per cent of the net assets of the Trust on each Valuation Day, calculated in accordance with provisions in the Articles of Association for determining the offer price of Shares. For their services as Secretary and Registrar the Managers will receive from the Trust a monthly fee of £100 (or higher fee not exceeding £250 per month as may from time to time be agreed).

The Investment Advisers' fees are to be paid by the Managers out of their remuneration.

The Custodian will receive from the Trust a quarterly fee of 0.0375 per cent of the net assets of the Trust (up to £5,000,000) as at the last Valuation Day in each quarter, calculated in the same way as for the Manager's fee; 0.025 per cent of the balance over £5,000,000 but not exceeding £10,000,000, and 0.0125 per cent of the balance over £10,000,000. The quarterly fee will in no case be less than £500.

The Custodian's fee is subject to renegotiation at the end of the first year of the Custodian Agreement and at two yearly intervals thereafter.

Information relating to other expenses of the Trust is set out below.

SHARE CAPITAL ISSUED OR TO BE ISSUED

On 6th September, 1979, 100 Management Shares were issued by the Trust to the Managers for cash at par. The initial placing of Participating Redeemable Preference Shares ("Shares") consists of 50,000 Shares offered at a subscription price of £10 per share. Allotment of Shares so subscribed will take place on 14th September, 1979.

Between 17th September and 2nd October, 1979 a further 5,000,000 Shares will be available for subscription at a price of £10 per share with a minimum subscription of £2,000 and a prospectus in relation to this offer will be published on 14th September, 1979. A continuous prospectus will be available thereafter.

FURTHER ISSUES OF SHARES

The Articles of Association provide that, after the initial issues, and except where there is a suspension of the valuation of the Trust's assets, further Shares may be issued on Dealing Days at a price per share not less than that determined by assessing the value of the net assets of the Trust on the relevant Valuation Day, adding an appropriate provision for duties and charges, deducting the paid-up capital of the Management and Nominal Shares in issue and dividing by the number of Shares in issue and deemed to be in issue. The resulting amount will be adjusted upwards to the nearest pence and the Managers are entitled to the amount of the rounding up for their own benefit.

Save as herein mentioned—

(i) No Shares or loan capital of the Trust have been or are proposed to be issued other than as fully paid up in cash;
(ii) No commissions, discounts, brokerages or other special terms have been granted by the Trust in connection with the issue or sale of any capital of the Trust;
(iii) No Shares of the Trust are under option or agreed conditionally or unconditionally to be put under option;
(iv) No amount has been paid or is payable in shares or debentures for goodwill;
(v) No amount or benefit has been paid or given (or is intended to be paid or given) to any promoter.

The rights attaching to the various classes of shares of the Trust are set out below under the heading "Corporate Structure."

ELIGIBLE INVESTORS

There are no restrictions on who may buy Shares. However, the Articles of Association contain

REPORTS AND ACCOUNTS

A report on the Trust will be sent to Shareholders every six months. The report sent with the annual dividend payment will include a copy of the Trust's annual audited accounts. The first financial period of the Trust will be from the date of incorporation to the last "Valuation Day" in October 1980.

VALUATION AND DEALING DAYS

The "Valuation Day" will be the first business day, normally Monday of each week. Dealing Days will normally be Tuesday or the second business day each week.

HOW TO SELL SHARES

Shares will be re-purchased by the Managers at a price not lower than the Trust's "Redemption Price" (see below) prevailing on the Dealing Day following receipt of instructions to redeem. Instructions to redeem Shares should be sent to the Managers to arrive by not later than 4.00 p.m. Jersey time on the Valuation Day. Payment in respect of repurchases will be made to the Shareholder or his agent by cheque or by telegraphic transfer at the shareholders request and expense, not more than two business days after the Dealing Day or after receipt of the relative share certificate(s) duly endorsed by the shareholder, whichever is later.

PUBLICATION OF SHARE PRICES

The bid and offer prices of Shares will be published daily in the *Financial Times* and weekly in the *Jersey Evening Post* and *Guernsey Evening Press*.

AUDITOR'S REPORT

The following is a copy of a report addressed to the Directors of the Trust by Coopers & Lybrand, the auditors of the Trust:—

La Motte Chambers,
St. Helier,
Jersey,
Channel Islands.
3rd September, 1979

To the Directors,
BRITANNIA CAPITAL DEPOSIT TRUST LIMITED
Dear Sirs,

Britannia Capital Deposit Trust Limited ("the Trust") was incorporated on 31st August, 1979. The Trust has not commenced trading and no accounts for the Trust have been made up and no dividends have been declared or paid.

Yours faithfully
COOPERS & LYBRAND

TAXATION

The Comptroller of Income Tax in Jersey has confirmed that income of the Trust arising outside Jersey and deposit interest receivable in Jersey will be exempt from Jersey Income Tax. The Trust's liability to Jersey taxation is, therefore, limited to Corporation Tax, currently £300 per annum.

Consequently Shareholders (other than those resident for taxation purposes in Jersey) will receive their dividends without deduction of any tax.

The Managers have undertaken to the Jersey Comptroller of Income Tax to deduct Jersey Income Tax at the rate of 20 per cent from dividends paid to Jersey resident shareholders. Jersey does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties. No stamp duty is levied in Jersey on the issue, transfer or redemption of shares in the Trust.

The Trust will not be resident in the United Kingdom for taxation purposes.

Clearance under Section 464 of the Income and Corporation Taxes Act 1970 (cancellation of the tax advantages from certain transactions in securities s.460) has been given by the United Kingdom Board of Inland Revenue in relation to:—

(a) the issue of the Unclassified Shares of the Trust partly as Participating Redeemable Preference Shares and partly as Nominal Shares.
(b) the subsequent redemption by the Trust of Participating Redeemable Preference Shares and Nominal Shares.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Income and Corporation Taxes Act 1970, which may, in certain circumstances, render them liable to taxation in respect of undistributed profits of the Trust.

Holders of Shares who are resident in the United Kingdom for tax purposes will, depending on their individual circumstances, be liable to United Kingdom Income Tax or Corporation Tax in respect of dividends or other income distributions of the Trust. The Trust will not itself be liable to United Kingdom Capital Gains Tax. However, Shareholders (other than those holding Shares as dealing stock who are subject to different rules) who are resident or ordinarily resident in the United Kingdom will, unless exempt, be liable to United Kingdom Capital Gains Tax in respect of gains arising from the disposal or redemption of Shares.

The foregoing is based on the law and practice currently in force in Jersey and the United Kingdom and is subject to changes therein.

CORPORATE STRUCTURE

The Trust is an investment company incorporated in Jersey on 31st August, 1979 under the provisions of the Companies (Jersey) Laws 1861 to 1968. The constitution of the Trust is defined in its Memorandum and Articles of Association. The latter can be changed in accordance with Jersey Law.

SHARE CAPITAL AND RIGHTS

The Trust has an authorised share capital of £51,500 divided into 100 Management Shares of £10.00 each and 5,050,000 Unclassified Shares of 1p each. The Unclassified Shares may be issued as Participating Redeemable Preference Shares or as Nominal Shares.

Management Shares

Under Jersey Law Participating Redeemable Preference Shares must have a preference over another class of shares and this is the reason for the existence of the Management Shares. The Management Shares carry one vote each on a poll. They carry no right to dividends and, on a winding up, rank only for return of paid up capital (but after the return of capital on the Participating Redeemable Preference Shares and Nominal Shares). The Managers own beneficially the 100 Issued Management Shares.

Participating Redeemable Preference Shares

Each holder of the Shares will be entitled, on a poll, to one vote for each Share held. The Shares carry the exclusive right to dividends (if any) declared by the Trust or the Directors. In a winding up, each Share has a preferential right to return of paid up capital and a right to share in the surplus assets after return of capital paid up on Nominal and Management Shares.

Nominal Shares

The Nominal Shares may only be issued at par and only for the purpose of providing funds for the redemption of the nominal amount of Shares redeemed.

A holder of Nominal Shares (in practice the Managers) is entitled, on a poll, to one vote irrespective of the number of Nominal Shares held. The Nominal Shares carry no right to dividends and, on a winding-up, rank only for return of paid-up capital in priority to the Management Shares.

The Managers are obliged to subscribe for Nominal Shares at par when Shares are redeemed, unless the Directors decide that the nominal amount of Shares will be redeemed from profits.

The Managers may, on payment to the Trust of the relevant premium, convert Nominal Shares into Shares for sale to investors.

Variation of Class Rights

(1) The rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a resolution passed at a separate General Meeting of the holders of the shares of that class by a majority of three-fourths of the votes cast at such meeting but not otherwise. The necessary quorum at any such separate General Meeting shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued shares of the class, and at any adjournment of such meeting the holders present in person.
(2) The rights attached to the Shares shall be deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any further shares (other than Participating Redeemable Preference Shares ranking pari passu with them as respects rights to dividend and in a winding up or reduction of capital).
(3) Subject to (2) above, the rights conferred upon the holders of shares of any class issued with preferred, deferred or other rights shall not, unless otherwise expressly provided by the conditions of

ARTICLES OF ASSOCIATION

The Articles of Association include the following provisions in relation to the Directors, borrowing powers, and the valuation of the assets of the Trust:—

1. Unless and until otherwise determined from time to time by the Trust in General Meeting, each Director, except Mr. Goldsmith, Mr. Higgins and Mr. Wilkinson, who are also directors of the Managers, will be entitled to remuneration of £500 per annum. The Directors may also be reimbursed for expenses incurred in connection with the business of the Trust and may receive remuneration for special services.
2. Any Director may act in a professional capacity for the Trust (other than as Auditor) and may hold any other office under the Trust and may receive remuneration for any such services as if he were not a Director. A Director shall not be disqualified by his office from contracting with the Trust.
3. Except in certain circumstances set out in the Articles of Association, a Director may not vote in respect of any contract or arrangement in which he is materially interested.
4. There is no share qualification or age limit for Directors.
5. The Directors may exercise the powers of the Trust to borrow but borrowings of the Trust and its subsidiaries shall not without the consent of the Trust in General Meeting exceed three times the aggregate of the Share Capital and Consolidated Reserves (as defined in the Articles of Association).
6. The Articles of Association provide that quoted investments shall be valued at latest market prices as notified to the Trust on the Valuation Day.
7. The Directors may suspend valuation of the assets of the Trust if, in their opinion, it is not reasonably practicable for the Trust to dispose of investments or fairly to determine the valuation of its net assets, or if a breakdown occurs in any of the means normally employed to ascertain such value. The Directors will use their best endeavours to cause notice of such suspension to be placed in the *Financial Times*, the *Jersey Evening Post* and the *Guernsey Evening Press*
8. The Managers are entitled at their discretion pursuant to the Articles of Association to make an initial charge on shares allotted or sold, provided such initial charge does not exceed 5% of the then current subscription price.

PROSPECTUS

Copies of these particulars and, on and after 14th September, the prospectus and application forms to be issued by the Trust in relation to the issue of up to 5,000,000 Unclassified Shares as Participating Redeemable Preference Shares may be obtained from the Managers, the Investment Advisers or from the brokers to the issue.

GENERAL INFORMATION

1. The preliminary expenses incurred on the formation of the Trust and in connection with this issue and the subsequent offer between 17th September and 2nd October are estimated to amount to £35,000 and will be paid by the Trust. It is intended to write these expenses off over a period of ten years from the incorporation of the Trust. The Trust will bear certain expenses of the Custodian specified in the Custodian Agreement and also certain expenses referred to in the Management Agreement, the latter including audit and legal fees and expenses in relation to the acquisition, holding and sales of the Trust's assets, the provisions of accounts and reports to Shareholders, and the publication of offer and bid prices of Shares.

2. Save as disclosed herein no commissions, discounts, brokerage or other special terms have been granted in relation to shares or debentures issued or to be issued by the Trust.

3. Mr. P. B. Higgins, Mr. S. A. Goldsmith and Mr. R. F. Wilkinson are also Directors of the Managers. Mr. Goldsmith is also a Director of the Investment Advisers and of Britannia Financial Services Ltd. of which both the Managers and Investment Advisers are subsidiary companies.

4. There are no existing or proposed service agreements between any of the Directors and the Trust.

5. The Trust is not engaged in any litigation or arbitration and the Directors are not aware of any claim pending or threatened against the Trust.

6. Since the date of incorporation of the Trust save as disclosed herein, no Director has had any interest in the promotion of the Trust or in any assets acquired, disposed of, or leased to or by, or proposed to be acquired, disposed of or leased to or by the Trust.

7. The Trust has not commenced business and has not established a place of business in Great Britain.

8. Persons interested in acquiring Shares should inform themselves as to (i) the legal requirements within the countries of their nationality, residence, or domicile for such acquisition, (ii) any foreign exchange restrictions or Exchange Control requirements which they might encounter on acquisition or disposal of Shares; (iii) the income tax and other tax consequences which might be relevant to the acquisition, holding or disposal of Shares.

9. The following contracts which are or may be material have been entered into, otherwise than in the ordinary course of business:—
(a) Management Agreement between the Trust (1) and the Managers (2) dated 6th September, 1979, whereby the latter have agreed to manage the business of the Trust and to act as its Secretary and Registrar.
(b) Investment Advisory Agreement between the Trust (1) and the Managers (2) and the Investment Advisers (3) dated 6th September, 1979, whereby the latter has agreed to provide investment advice to the Managers.
(c) Custodian Agreement between the Trust (1) the Managers (2) and the Custodian (3) dated 6th September, 1979, whereby the latter has agreed to act as Custodian in relation to the assets of the Trust.

10. The minimum amount which in the opinion of the Directors must be raised by the present issue of Shares in order to provide for the matters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948 of Great Britain is £500,000 made up as follows:—
(a) Purchase price of property, nil;
(b) Preliminary expenses and expenses of the issue £35,000.
(c) Repayment of monies borrowed for the foregoing, nil
(d) Working capital £465,000.
In the event that the amount raised by this issue is less than £500,000 all application monies will be returned by post by 17th September, 1979.

11. (a) The "redemption price" of Shares is determined by assessing the value of the net assets of the Trust (at bid prices where applicable) on the relevant Valuation Day, deducting the paid up capital of the Management and Nominal Shares in issue plus an appropriate provision for duties and charges, and for the surrender of premium on investment currency (if any) and dividing the resulting amount by the number of Shares deemed to be in issue. This sum is then adjusted downwards to the nearest whole pence (the Manager being entitled to the rounding down adjustment).
(b) The Trust is not bound to redeem on any one Dealing Day more than one fifth of the total number of Shares then in issue.
(c) If at any time after the fifth anniversary of the date of the Trust's incorporation the value of its net assets shall on each Valuation Day within a period of 26 consecutive weeks be less than £500,000, the Trust may redeem all the Shares then in issue at the relevant redemption price.
(d) All Shares not previously redeemed will be redeemed by the Trust on 31st December, 2079, or, if that date is not a business day on the next following business day, at the redemption price ruling on the relevant day.

12. Coopers & Lybrand have given and have not withdrawn their consent to the issue of this announcement with the inclusion therein of their report in the form and context in which it is included.

13. The documents attached to the copy of this announcement delivered to the Registrar of Companies in England and Wales for registration were:—
(a) the above mentioned written consent,
(b) copies of the material contracts referred to above.

14. The consents of the Finance and Economics Committee of the States of Jersey under the Control of Borrowing (Jersey) Order, 1958 (as amended) and of the Advisory and Finance Committee of the States of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 and 1970 have been obtained to this issue. It must be distinctly understood that in giving these consents neither of the Committees take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

15. Save for the 100 Management Shares which have been subscribed at par by the Managers, neither the Managers nor any Director of the Trust holds any shares in the Trust nor are there any other interests in the share capital.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours of any weekday (Saturdays and public holidays excepted) at the offices of Michael Voisin & Co., Templar House, Don Road, St. Helier, Jersey, Channel Islands, and of Simmons & Simmons, 14 Dominion Street, London EC2M 2RJ:—
(a) the Memorandum and Articles of Association of the Trust;
(b) the Companies (Jersey) Laws 1861 to 1968 under which the Trust was incorporated;
(c) the contracts referred to above; and
(d) the report and consent of Coopers & Lybrand.

No decided trend on Wall St. at mid-session

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—31½% (30¾%)
Effective $2.2405 13¾% (12¾%)

STOCKS ON Wall Street moved indecisively yesterday morning with Blue Chips easier-inclined, although trading was very active. The Oils sector and take-over situations remained the centre of attention

At the 1 pm calculation, the Dow Jones Industrial Average was a modest 1.79 down at 875.09 and the NYSE All Common index 2 cents off at $61.67, while rises and falls were fairly evenly matched. Trading volume expanded to 27.37m shares from Monday's 1 pm level of 20.55m.

Closing prices and market reports were not available for this edition.

Analysts said investors are hopeful that interest rates have been brought closer to a peak by recent credit tightening moves by the Federal Reserve and a rise in the Prime Rate to 12¾ per cent. But they added that investors would probably remain cautious until there is some firm evidence that a peak is near.

Treasury Secretary Miller said a Federal tax cut is "not timely at this point" since it would increase the Budget deficit and be inflationary.

In the Oils group, **Louisiana Land and Exploration** topped the NYSE actives list and rose 1⅝ further to $37⅞, still on consideration of its participation in a McMoran oil discovery in the Gulf of Mexico and a gas find in Louiwana.

Mobil shed ⅝ to $46¾ in active trading. Its Canadian subsidiary said that it expects to complete tests on the Hibernia 0-15 well off Newfoundland next week.

Gulf Oil eased ¼ to $33⅝ after having risen sharply in recent sessions on news that its Canadian subsidiary is a partner in a large Beaufort Sea well drilled by a Dome Mines subsidiary. **Dome Mines** slipped ⅜ to $43⅞.

Engelhard Minerals, which recently announced plans to acquire Barber Oil for $55 a share, advanced 3¼ to $48⅝ ex-dividend, but **Barber Oil** eased ¼ to $51¾.

Memorex fell 3¼ to $24¾ on its prediction of lower third-quarter net profits, but **Columbia Pictures** gained 1¼ to $25⅛ despite reporting a decline in fiscal fourth-quarter earnings.

THE AMERICAN SE Market Value Index managed a fresh improvement of 0.89 to 224.31 at 1 pm on a large turnover of 3.65m shares (3.35m).

Gulf Canada rose ¾ to $82¼, continuing to benefit from its stake in the Kopanoar well in the Beaufort Sea and a stake in the Hibernia 0-15 well off Newfoundland.

Volume leader *Dome Petroleum* eased ¾ to $45¼, hit by profit-taking following recent sharp gains.

Mitchell Energy, however, climbed 1¼ to $24¾. Blocks of 47,200 and 52,000 shares were moved at $23¾.

Canada

Recovering from a mid-morning decline, markets displayed a firmer bias on balance at mid-day yesterday after another active business. The Toronto Composite index was 2.7 up at 1,723.6 at noon, while Oils and Gas added 8.6 at 3,313.1 and Golds 3.0 at 2,117.5. In Montreal, Utilities put on 0.56 to 246.89, but Papers receded 1.57 to 180.83.

Hudson's Bay Oil gained C$1 to C$91, **Imperial Oil "A"** ⅜ to C$41⅜ and **Shell Canada** ⅛ to C$29⅜.

Tokyo

Stock prices again closed on an irregular note after moderate activity, with Oils and some export-orientated issues providing the best performers of the day.

Declining issues on the First Market section outscored gains by 334 to 317, but the Nikkei-Dow Jones Average finished 16.20 firmer at 6,426.81 and the Tokyo SE index 0.49 harder at 452.79. Turnover amounted to 260m shares (230m).

Monday's revival of buying interest in energy-related issues continued yesterday, with **Arabian Oil** rising Y140 to Y3,400, **Teikoku Oil** Y21 to Y752 and **Tod Nenryo** Y41 to Y989.

Among export-orientated shares to improve were **Pioneer Electronic,** up Y80 at Y2,050, **Sony,** Y20 higher at Y1,900 and **Fuji Photo Film,** Y12 stronger at Y653.

In contrast, Machine Manufacturers and Heavy Electricals were brought back in their tracks by profit-taking. **Ikegai Iron** receded Y11 to Y283 and **Toshiba Machinery** Y13 to Y356.

Germany

Most shares showed some improvement in brisk trading, raising the Commerzbank index 5.4 to 771.8.

The International Motor Show directed investor buying attention to Motor issues, **Daimler-Benz** advancing DM 4.50 to DM 257.50, **BMW** DM 1.50 to DM 184 and **Volkswagen** 20 pfennigs to DM 209.

Schering gained DM 1.50 to DM 248.50, boosted by reported first-half group turnover up more than 20 per cent, while elsewhere in Chemicals, **BASF** and **Hoechst** put on 80 pfennigs apiece.

Siemens moved ahead DM 2.20 more to DM 267.80 for a two-day rise of DM 5.70 among Electricals, where **AEG** climbed DM 1.20 to DM 47. **Deutsche Bank** improved DM 1.10, while in Stores, **Horten** advanced DM 4.50 further to DM 137.50.

Public Authority Bonds recorded gains ranging to 35 pfennigs in active trading. The Bundesbank sold DM 33.8m nominal of paper after DM 6.1m sales on Monday. Mark-denominated Foreign Loans, however, lost up to 50 pfennigs.

Paris

Shares, after recent strength, moved irregularly in active trading, showing no decisive reaction to an increase of half a percentage point in the Bank of France Treasury Bill Discount Rate yesterday morning.

News of a rise in base rate by Credit Lyonnais to 10.75 per cent from 10.05 per cent came too late to influence trading, dealers noted.

Construction was the only sector to show an overall strengthening, but Rubbers, Banking, Engineering, Stores, Chemicals and Transport were easier-inclined. All other sectors were mixed.

La Redonte shed FFr 2 to FFr 413 despite announcing first half consolidated net sales up *14.6 per cent and parent company* sales up 15 per cent.

Elf Aquitaine reacted FFr 14 to FFr 1,051 and **Cie Petroles** FFr 5.3 to FFr 239.5 after a particularly strong performance of late by the Oils sector.

Hong Kong

Shares were *mainly easier* after moderate trading, leaving the Hang Seng index 5.29 lower at 589.05.

The market held steady during the morning, but in the afternoon started to decline on talk of a higher prime lending rate being decided at the exchange banks' interest rate committee meeting, to be held this Saturday.

Properties were particularly unsettled, with **Hong Kong Land** losing 20 cents to HK$9.20 and **Cheung Kong** 10 cents to HK$13.90.

Jardine Matheson receded 10 cents to HK$10.90, **Hong Kong Electric** 2½ cents to HK$4.50 and **China Light** 10 cents to HK$19.60.

Australia

Mining leaders, after Monday's strong showing, generally reacted in the absence of fresh Overseas support.

Renison Tin retreated 40 cents to A$12.30, Coal concern *Oakbridge* 15 cents to A$2.00, **Hamersley** 5 cents to A$3.20 and **Robe River** 7 cents to A$1.05.

However, **Western Mining** strengthened 8 cents to A$3.20 and **Central Norseman Gold** 30 cents to A$7.50.

After dividend and rights adjustments, **Peko-Wallsend** were effectively valued at A$5.88 on Monday's closing price of A$6.56, but were well supported and gained 12 cents to end the day at A$6.00.

Industrials overall were firmer for choice, but market leader **BHP** relinquished 16 cents more of its recent good rise to close at A$9.94.

Pioneer Concrete *improved 6* cents to A$1.68 and **Costain Australia** 7 cents to A$1.77, while **Hartogen Energy** provided another bright spot, up 8 cents at A$1.98.

Amsterdam

A firmer tendency prevailed, with *Hoogovens, Unilever* and **Royal Dutch** one guilder or more higher in Dutch Internationals.

Shares with gains of one guilder or more elsewhere included **ABN, Bijenkorf, Ahold** and **RSV,** but **Van Ommeren** lost Fl 3.50 and **KNSM** Fl 1.50. **Wessanen** fell Fl 2.10, on lower results after returning from Monday's suspension.

State Loans were unchanged to slightly lower, with the latest Bank Voor Nederlandse Gemeenten Fl 125m 8½ per cent bonds, issued at par, quoted at 99.30 per cent on the first day of trading.

Johannesburg

Following Monday's buoyancy, Gold shares developed an easier tendency in fairly quiet dealings in reflection of lower Bullion prices. **Randfontein** lost 75 cents to R61.00 and **Vaal Reefs** 50 cents to R40.50.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
○ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Sept. 10	Sept. 7
Abbotts Lab.	36⅛	36½
AM International	17⅞	17½
Adobe Oil & Gas	35⅝	34¾
Aetna Life & Ga.	33¾	33¼
Air Products	32¾	31⅝
Alcan Aluminium	39½	39⅛
Alcoa	56⅞	56⅛
Control Data	46⅛	45⅞
Cooper, Indus	58	57⅞
Corning Glass	62	61¼
CPC Int'mation'l.	54	53¾
Crane Co.	34⅝	35
Crocker Natl.	33⅛	32¾
Crown Zellerb'h.	38¾	37¾
Cummins Engine	33¾	34
Curtiss Wright	17½	16¾
Johns Manville	26¼	26
Johnson Johnson	75¼	74¾
Johnson Control	27¼	27½
Jostens	20⅛	20⅛
Joy Manufacturg	32	31
K. Mart	27⅛	27¼
Kaiser Aluminum	20¼	20½
Kaiser Industries	2¼	2⅛
Kaiser Steel	40½	41⅞
Revlon	51¼	51¼
Reynolds Metals	36	35⅝
Reynolds (R.J.)	61½	61⅝
Rich'son Merrell	24	24⅛
Rockwell Inter.	41¾	41½
Rohm & Haas	43½	43⅝
Rolm	31⅝	31⅛
Royal Dutch	75¼	75
RTE	10⅜	10⅛
Williams Co.	23⅝	23⅜
Wisconsin Elect.	25½	25¼
Woolworth	30	28¼
Wyly	6½	6⅜
Xerox	65⅛	65⅜
Zapata	21⅝	21⅝
Zenith Radio	13¼	13¼
U.S. Treas. 4% 80	†97	†97
USTreas4¼%75/85	†81¼	†81¼
...		
Warner-Lambert	25⅝	23½
Waste-Man.ment	35⅝	35¼
Wells-Fargo	31⅝	31½
WesternBancorp	33⅛	33
Western N.Amer.	42¾	41
Western Union	20⅛	20½
W'stinghse Elec.	20⅞	20⅝
Weyerhaeuser	33¾	33½
Whirlpool	21½	21¾
White Con Ind	26⅞	27¼

CANADA

Stock	Sept. 10	Sept. 7
TransCan Pipe Ln	22¾	22⅝
TransMount Pipe	11	10⅞
Trizec	†23¼	†25
Union Gas	11⅞	12⅛
Untd Siscoe Mnes	10⅝	10⅝
Walker Hiram	46	45½
West Coast Trans	15¾	15⅞
Weston (Geo.)	26	26¼

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ◆

Sept. 11	Price DM.	+ or −	Div. %	Yld. %
AEG	47	−1.2	—	—
Allianz Versich.	480	......	31.2	3.5
BHF-BANK	198	−1	28.12	7.1
BMW	184	−1.5	28.12	7.6
BASF	139	+0.8	18.76	6.8
Bayer	132.9	+0.4	18.75	7.1

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
Henry Ansbacher	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	16 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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COMMODITIES AND AGRICULTURE

Cocoa market up again

By Our Commodities Editor

COCOA PRICES moved up again on the London futures market yesterday with the December position reaching £1,493 before easing on profit taking to close £14.5 up at £1,482.5 a tonne.

London traders said the main impetus behind the upward move was the firm trend in New York, where speculators are believed to be covering previous sales.

Trade interest was reported to be fairly neutral, although the market is now thought to be approaching the area where producers may be interesting in selling.

However, there is considerable uncertainty about the political and economic situation in Ghana, and some doubts as to whether forthcoming West African crops will be as good as previously expected.

Meanwhile, Brazil's Cocoa Commission said yesterday it estimated the 1978-79 crop at 4.8m bags (288,000 tonnes) compared with 4.4m bags in 1977-78.

● Sr. Joao Paulo do Rio Branco, newly-appointed permanent representative for Brazil on international commodity organisations in London, presented his credentials to the International Cocoa Organisation yesterday.

Changes in EEC farm export policy demanded

BY IVOR OWEN

A COMPLETE overhaul of EEC arrangements governing agricultural exports is to be demanded by Sir Henry Plumb, chairman of the European Parliament's Agriculture Committee.

He announced this in London yesterday when acquitting Mr. Finn Olay Gundelach, the EEC Farm Commissioner, of responsibility for a reported deal which will take a further 75,000 tonnes of subsidised Community butter to the Soviet Union.

Sir Henry, campaigning for the Conservative candidate in Britain's first Euro by-election in the London South-west constituency, clarified "some apparent misunderstandings" between himself and the Commissioner.

He accepted that the EEC was no longer directly involved in such exports, but recalled that in 1973 the Commission was responsible itself for authorising cheap sales of butter to Russia with a special subsidy.

Such exports were now undertaken by private individuals and the EEC merely had to pay out the designated subsidies.

Sir Henry, formerly president of the National Farmers' Union, stressed that "to stop normal exports of this kind it would be necessary to change the entire agricultural export system, and it is not reasonable to blame the Commission in this case."

He denied that he had been involved in a "row" with Mr. Gundelach and claimed that they were in agreement that the whole business illustrated the seriousness of the milk surplus situation.

Sir Henry emphasised that the real remedy lay in the hands of the EEC Council of Ministers, some of whom had shown a marked reluctance to grapple with the problem over many years.

"I intend to press for changes in the agriculture budget when the Community Budget is presented to the European Parliament in the course of the next few months, and to press for a complete re-examination of the system for agriculture exports," he said.

U.S. silver sale Bill defeated

By John Edwards, Commodities Editor

A BILL to authorise the disposal of 15m ounces of silver from the U.S. stockpile was defeated in the House Arms Services Committee yesterday, Reuter reported.

The Bill was supported by the Administration, but opposed by some influential members of the Committee, which has an important role in deciding about stockpile releases.

The defeat must also cast doubt on proposed stockpile sales of tin.

Meanwhile, silver prices moved ahead again on London markets yesterday following the renewed upward trend in the U.S. The bullion spot quotation was raised by 2.1 to 544.4p at the morning fixing, but in later trading prices rose sharply and the cash price on the Metal Exchange closed 22.75p up at 562p an ounce.

Copper prices were boosted by the rise in silver and the continuing shortage of nearby supplies. Lead and zinc followed the upward trend in copper—zinc being bolstered also by news that another leading European smelter, Prayon, was planning to cut output.

FOUNTAIN FARMING
A warning to outsiders

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE NEWS that Fountain Farming is for sale will be greeted with smug relief by many in the farming community.

The incursion of City money into farming is always viewed with the deepest suspicion by farmers, who are fearful that the power of money, far more than they can ever lay their hands on, will destroy their own monopoly of the industry.

Fountain Farming was different from most City investments in land as it was a company devoted entirely to farming, either as a tenant or in partnership with landlords.

Now it quite simply cannot generate sufficient return, after interest and other charges, to satisfy what investors demand on their capital today.

Other companies investing in land have done the same thing. Recent reports from the Kleinwort Benson Farmland Trust and the Pension Fund Property Unit Trust have underlined this.

On the other hand, farmland values, after slight hesitation some months ago, appear to be rising again. So there is the anomolous situation today in which farmland values are appreciating while the net earnings they generate are declining.

The rest of the farming community, individuals rather than City companies, are not following Fountain's farming example because they do not look at investment in farming in anything like the same light as does a City accountant.

Their gearing, the amount they borrow, forms an infinitesimal part of the capital they use. Total borrowing by farming is at present something over £2bn and it is probable the farmers still lend the banks more cash than they borrow.

There is no doubt that margins have narrowed enormously in most farming enterprises over the last two or three years, after a big boost between 1972 and 1976 caused by adjustment to Common Market membership.

Cost inflation is still rampant, but individual farmers are much better placed to cope with this sort of thing than are large company farms with a City base—particularly so in the livestock sector where the main management and operative labour is very likely the farmer himself.

Farmers in this situation seldom have to worry about outside shareholders, they can delay investment in new plant and machinery almost indefinitely and they can, in the last resort do all the work themselves and survive until times improve.

Sir Nigel Strutt stated some years ago that the peasant would always survive, and he was right—to the extent that the peasant mentality was the basis for farming survival in difficult times.

The fact that farmers do not recognise the normal criteria of modern finance is both a strength and a weakness. It is an advantage in that it prevents them getting into high gearing and the sort of problems facing Fountain Farming but at the same time it does blind them to poor returns.

This is what Fountain Farming's managing director, Anthony Rosen, used to preach to them *ad nauseum*. They took no notice and they are not very likely to take much notice now.

But there is another point and that is that in Britain very large farming enterprises have seldom endured beyond the lifetimes of their originators. Sometimes they have been beaten by the economic circumstances of the day, but more particularly because of the complexities of farm management.

The variations in Britain's climate are as many as its soils, and the successful management of these two factors demands a high degree of individual skill and expertise, often of an intensely practical nature which has to be applied on a very limited field.

It would be difficult to organise such a management structure over large acreage, particularly a scattered one. Even if it was possible, it is doubtful whether the returns from the efforts applied would make it viable, bearing in mind the costs involved.

Once the dynamic force which built them is removed, these farming empires have usually collapsed into their component parts.

Farmers then will not take the problems of Fountain Farming as a warning of the possible effects on themselves of the present state of the industry, but, as a reassurance that the competition from outsiders into farming could well be reduced.

Congress vote on sugar 'will be close'

WASHINGTON — Congressman Thomas Foley, chairman of the House Agricultural Committee, has predicted that the House will approve domestic sugar legislation. But he sai dthe vote would be close.

The Bill, which includes a provision for U.S. implementation of the International Sugar Agreement, will probably be considered by the House in the last week of September or the second week of October, Mr. Foley said.

The sugar legislation, which would provide a domestic sugar price objective of 15.8 cents a pound this year and as much as 0.50 cent a pound direct payment to producers, has encountered strong opposition from consumer groups.

Coffee cartel urged

RIO DE JANEIRO — World coffee producers should form an OPEC-style cartel to boost the value of their exports, Sr. Arturo Gomex Jaramillo, president of the Colombian Coffee Growers' Federation, said in Brasilia yesterday, Reuter reported.

Sr. Gomez Jaramillo, on a week-long visit to Brazil to discuss coffee policy, said such a body would give producers more power to defend their interests.

But he recognised that several obstacles stood in the way of a cartel scheme.

Co-operation with Central American producers, with the exception of El Salvador, was difficult, he said, because coffee was often in the hands of private interests in these countries. And political crises in African countries impeded their co-ordination of coffee exports.

Sr. Gomez Jaramillo said talks in Brasilia with Brazilian President, Sr. Joao Figueredo, were in preparation for the forthcoming meeting of the International Coffee Organisation (ICO) in London. They also covered the working of the "Bogota Fund" through which Latin American producers have been supporting world coffee markets, he said.

The Colombian coffee chief said he believed Brazil and Colombia would present a joint position at the ICO meeting but did not elaborate.

On the London futures market yesterday, coffee prices continued Monday's decline before late buying lifted values. The November position slipped to £1,793 a tonne at one stage but by the close it was quoted at £1,810.5 a tonne, down only £4 on the day. This followed a £28 fall on Monday.

The early fall was based on heavy dealer selling, possibly on behalf of the Bogota group, market sources said. The group is thought to be reducing its involvement in the market ahead of next week's ICO meeting when its market operations will come up for discussion.

Land prices continue upward trend

Financial Times Reporter

THE BULL market in agricultural land of the past two years is still charging ahead, according to Farmland Market, the twice yearly land-price digest.

After the winter months, values surged onwards to notch up a 29 per cent gain between last December and June, it said.

Farmland Market's latest issue, out today gives its "all-farms" figure for the first six months of this year as £1,834 an acre, compared with £1,421 for the last six months of 1978.

In the early summer, farm after farm realised more than £2,000 an acre, and while there were no really extravagant prices, average values had never been so strong.

Farmland Market said there was no sign of the rate of increase in values slowing down even following this summer's rise in interest rates.

Guyana bauxite strike hits foreign earnings

BY OUR OWN CORRESPONDENT

THE STATE-OWNED Guayana bauxite industry has lost an estimated £8m in foreign exchange following a month long strike over a merit increments row which ended last month, it was officially announced here.

The impact of the loss will have wide repercussions throughout the Guyanese economy which depends on bauxite for between 40 and 50 per cent of its foreign exchange earnings.

It is not known how the strike has damaged an agreement between the Government and the IMF for £41m extended credit effective from last June.

However, Mr. Clarence Ellis, chairman of the State Planning Commission and deputy governor of the Bank of Guyana, said that planned investments this year would have to be pulled back to below £50m from the target of £60m.

The strike disrupted marketing arrangements and shipping schedules into chaos and capital and community projects will now have to be rescheduled.

It has also placed Guyana Mining Enterprise (Guymine) liquidity under severe strain, and experts say there is no chance of making up production shortfalls.

The grim picture of the industry, nationalised from North American owners in 1971 and in 1975 was painted by a team of company and Government officials on local radio.

Mr. Haslyn Parris, Guymine's chairman and chief executive, warned that the company would not tolerate anti-government political agitation disrupting production — reference to politics within the industry at a time when the Burnham Government is faced with united opposition calls to step down.

The company's 1979 targets before the strike were 780,000 tons dried bauxite, 360,000 tons chemical grade bauxite, 735,000 tons calcined grade bauxite, 70,000 tons alumina cement grade bauxite, 300,000 tons alumina, and 18,000 tons alumina hydrate.

At the end of June, the dried bauxite target was being met, but calcined bauxite was 5 per cent behind, and alumina 46 per cent behind, due to a 17-day strike in January and technical and industrial problems. At the end of August, when the strike had ended, dried bauxite was trailing its target by 5 per cent, calcined bauxite by 18 per cent, chemical grade bauxite by 24 per cent and alumina by 57 per cent.

Projects for recycling of bauxite dust from one of the large kilns, and opening of a high-quality shallow mine, both of which should have come on stream this year, may have to be rescheduled.

The dust recycling plan caters for production of between 8,000 and 9,000 tons of bauxite monthly, while the new mine should produce enough ore for 64,900 tons dried bauxite and 29,000 tons calcined bauxite this year.

Guymine supplies 85 per cent of the world's calcined bauxite, used in making refractories, as well as 80 per cent of chemical grade bauxite, used for making alum for water purification. The strike restricted the industry's capacity to export at a time when the markets were booming, the company said.

Mr. P. Q. de Freitas, Guymine's treasurer, said the industry still had a bright future if increased production was emphasised and costs cut.

"We have to take drastic measures to increase productivity and restrain spiralling employment costs to restore the financial strength of the industry by the prudent act of living within our means," he said.

BRITISH COMMODITY MARKETS

BASE METALS

INSURANCE BASE RATES

† Vanbrugh Guaranteed ... 12%
† Property Growth ... 11¼%
† Address shown under Insurance and Property Bond Table.

SILVER

COCOA

COFFEE

GRAINS

RUBBER

SOYABEAN MEAL

SUGAR

COTTON

WOOL FUTURES

JUTE

MEAT/VEGETABLES

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

Monday's closing prices

EUROPEAN MARKETS

INDICES

FINANCIAL TIMES

(Base: July 1, 1952=100)

MOODY'S

(December 31, 1931=100)

DOW JONES

(Average 1924-25-26=100)

REUTERS

(Base: September 18, 1931=100)

CLUBS

LONDON STOCK EXCHANGE

Equities make fresh progress but close below best
Gilts ease in small business while Golds mark-time

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 28	Sep. 6	Sep. 7	Sep. 17
Sep. 10	Sep. 20	Sep. 21	Oct. 1
Sep. 24	Oct. 4	Oct. 5	Oct. 15

* "New time" dealings may take place from 9.30 am two business days earlier.

Equity markets continued their recent upward progress yesterday, although business faded after an active early morning session which had held out hopes of a start to a revival in investment interest from the traditional sluggish levels of recent weeks. Once again, much of the day's trade was directed at secondary stocks and some made sizeable gains with the emphasis often on situation issues.

Leading shares went quickly ahead at the outset on tentative pre-opening inquiries from institutional and other quarters, but the amount of completed business resulting from the inquiries was generally disappointing. Stock shortages were evident in many sectors of the market and this gave added momentum to the general advance.

Owing to lack of follow-through support, dealers began to mark leading industrials a little easier in the late afternoon and by noticeably more after the *official close of the market.* This was well measured by the FT 30-share index which, after showing a rise of 5.7 at the 2 pm calculation, ended only 2.4 up on the day but still with a five-day gain of 14.4 to 447.4, its highest closing level for nearly a month.

Government stocks were apprehensive in front of today's applications for the new medium and long tap stocks and eased accordingly. Business remained slow with the volume of selling modest because many investors were reluctant to dispose of their holdings. Quotations eventually rallied in places, although the existing Exchequer 12 per cent 1999/2002, the A stock is the designated tap issue, closed at the day's lowest of 98 for an *exceptional fall of ⅞.*

Chinese bonds figured prominently again as debt settlement hopes drew another good demand. Gains stretched to four points, the 4½ per cent 1898 and 5 per cent 1912 rising that much to £32 and £30 respectively.

Institutional buyers finally had the edge after a good two-way *trade in investment currency and* the premium settled ⅜ higher at the day's best of 31½ per cent. Yesterday's SE conversion factor was 0.8876 (0.8902).

A slight improvement in the level of business in Traded options resulted in 389 contracts being completed against 163 on Monday. Grand Metropolitan were the most active stock yesterday, attracting 139 trades.

Standard Chartered up

The major clearing banks took the previous day's gains a stage further. Technical influences played a part in the fresh improvement but closing levels were below the best of the day. Barclays put on 5 more to 425p, after 428p, while NatWest finished a like amount better at *340p, after 342p.* Bank of Scotland closed 10 to the good at 293p. Elsewhere, Standard Chartered stood out with a rise of 12 to 488p in response to the sharply increased interim profits, while Australian ANZ, 232p, and National Bank of Australasia, 150p, put on 12 and 8 respectively.

Lloyds Brokers made the running in firm Insurances. Minet rose 8 to 137p and C. T. Bowring gained 4 to 123p. Stewart Wrightson improved 3 to 190p following news that the company plans to divest itself of its remaining farming interests.

Attracting a better business than of late, Breweries and *kindred issues made useful headway* in early trading and, despite ending slightly below the day's best, the leaders still retained gains of a couple of pence. Arthur Guinness rose 3 for a two-day gain of 6 at 189p, while Bass added 2 to 234p, after 235p. Davenports continued in demand, rising 5 to 121p in response to bid speculation. Distillers put on 2 to 239p, after 241p.

Interest in Timbers centred mainly on Parker which, in a useful two-way business, touched 243p before settling at 234p, a penny cheaper on balance in the wake of the bid approach from Harrisons and Crosfield which ended 25 down at 600p. Renewed demand was forthcoming for Mallinson-Denny, up 2½ to 67p, while Hollis Brothers improved 5 afresh to 67p and Phoenix put on 4 to 144p. James Latham advanced 20 to 175p in a limited market.

Early trading in ICI was quite active, but the shares ended only a couple of pence better at 360p, after 362p. Stewart Plastics touched 228p before settling 13 up at 220p in response to the better-than-expected annual profits and proposed scrip issue.

Stores active

Buoyed by the recovery in spending shown in the August retail sales figures, leading Stores gave an active and firm performance and, although best levels were not always held, closing gains ranged to 6. Additionally helped by a revival of enfranchisement hopes, Burton A closed that much dearer at 270p as did the Warrants at 109p, after 111p. Still on hopes that Lonrho may make an offer for the outstanding shares, House of Fraser put on 3 afresh to 156p. Gussies A ended 4 better at 408p, while Marks and Spencer touched 109p before closing just a penny up on balance at 107p. Elsewhere, Amber Day advanced 4 to 50p after 51p, following the favourable results, capitalisation proposals and property revaluation surplus details, while Wearwell added 5 to 40p on renewed demand in a thin market. Comment on the good interim performance helped

Electricals continued to respond to recent reports of an end to the Post Office monopoly *in the sale of telephone equipment* to subscribers. Some double-figure gains were again apparent and although prices tended to retreat in later business some notable rises were retained. Electrocomponents rose 15 for a two-day gain of 27 to 488p, after 490p, while Thorn, 462p, and Racal, 274p, added 7 apiece. Farnell put on 6 at 282p, while gains of around 5 were seen in Muirhead, 272p, and Unitech, 222p. United Scientific jumped 12 to 348p and Kode International advanced a similar amount to 245p.

Engineering leaders continued to ignore the worsening labour situation within the industry and edged higher with the general trend. Tubes added 4 to 314p, while GKN, 270p, and Hawker, 186p, improved 2 apiece. Elsewhere, Taylor Pallister featured with a rise of 7 to 102p, or 6 above terms of the cash bid from London and European. S. W. Farmer gained 6 to 184p following the higher interim profits, while APV put on 5 to 205p as did Hallite, to 110p.

With the notable exception of Associated Dairies, which held a rise of 8 at 263p, leading Foods relinquished early gains on the appearance of small sellers in the late dealings. Elsewhere, Associated Fisheries became a good market and put on 6 to 59p and, still reflecting favourable Press comment, Joseph Stocks put on 5 for a two-day gain of 25 to 225p, after 230p.

Reckitt disappoints

Against the firm trend of other miscellaneous industrial leaders, Reckitt and Colman and Bowater both traded lower following trading news; the former closed 6 off at 226p, after 224p, in reaction to first-half profits some £4m. below expectations, while the latter slipped from a firm level of 174p in front of the interim figures to close a couple of pence easier on balance at 170p, mainly on disappointment with the modest increase in the interim dividend; Reed International reacted from 183p in sympathy to close only 3 better at 180p. Boots added 4 to 200p and Pilkington advanced 5 to 325p.

Secondary issues paraded several features, some in response to trading statements; Staffordshire Potteries gained 7 to 95p following the better-than-expected results and property revaluation surplus but disappointing interim results prompted a fall of 8 to 124p in Ofrex and a reaction of 5 to 80p in Pentos. L.K. Industrial Investments cheapened 2 to 31p also after uninspiring interim figures and Beatson Clark lost 9 to 180p on further consideration of the *sharp contraction in first-half* earnings. Cosalt firmed 2 to 57p on the half-yearly results, while renewed support left BTR, 328p, and ICL, 517p, up 12 apiece. United Carriers put on 7 to 153p as did Diploma Investments, to 369p. Gibbons Dudley, 97p, were suspended at the company's request pending an announcement about the bid discussions.

BL, unsettled by the chairman's comments on the company's future, eased a couple of pence to 16p, while the proposed shutdown of nine factories due to the present engineering dispute had little apparent effect on Rolls-Royce which ended only a fraction easier at 76½p. Other Motors tended firmer. Dowty met useful investment support and rose 4 to 323p, while Flight Refuelling added 5 more to 202p. Among distributors, Harold Perry, interim results expected next Wednesday, spurted 8 to 148p, while Caffyns, 114p, and Godfrey Davis, 96p improved 3 and 5 respectively.

Newspapers again finished higher, Associated rising 4 at 232p. Pearson Longman however, eased a penny to 216p ahead of tomorrow's mid-term statement. Speculative support was seen for Gordon and Gotch, 10 up at 90p.

Small profit-taking in after-hours' dealing trimmed gains in Properties. Land Securities finished just a penny better on *balance at 305p, after 308p, while* MEPC ended 4 dearer at 195p, after 196p. British Land touched 77p before settling 2 higher on balance at 76p. Elsewhere, Centrovincial and Property Holding and Investment added 4 apiece to 132p and 134p respectively, while Property and Reversionary improved 6 to 148p.

BP good again

British Petroleum firmed 15 for a two-day gain of 42 to 1195p, after 1200p, on local buying partly on hopes that the Government might not sell off its stake in the company. Shell touched 338p before settling 2 cheaper on balance at 332p. Elsewhere, Burmah, interim figures today, eased 2 to 162p, but Aran attracted further speculative support and added 4 more to 168p.

Thoughts that the current talks between KCA and Euro-Canadian could result in a third party acquiring a sizeable interest in the company lifted Furness Withy 10 to 264p, after 267p. Elsewhere a firm undertone was noticeable in Shippings with P & O Deferred adding 1½ at 108½p.

In Textiles, Lister added 5 to 69p in anticipation of good results, while interest was also shown in Nottingham Manufacturing, 3 up at 97p.

Golds steady

South African Golds ran out of steam after Monday's sharp advance. Trading fell to minimal levels, despite a further rise in the bullion price, and share prices held steady in both sterling and dollar terms.

The Gold Mines index remained unaltered at 199.3 but the ex-premium eased 0.5 to 176.9. The bullion price was finally $3.75 up at a record closing level of $339.375 an ounce.

Financials were similarly quiet although London issues attracted modest support. Selection Trust put on 6 to 542p, while both Charter, 145p, and Gold Fields, 244p, closed a fraction harder.

South African Financials were sustained by the firmer investment currency premium which lifted De Beers 9 to 404p and Anglo American Corporation 6 to 402p.

Elsewhere in Financials, Minorco came under fairly heavy profit-taking to fall 13 to 220p, reflecting a downturn in Engelhard Minerals in which Minorco has a sizeable stake.

Australians came in for a good deal of attention despite the downturn in overnight domestic markets.

News of the National Mutual's A$2.50 a share bid for BH South lifted the latter 6 to a 1979 high of 143p. EZ Industries and Peko-Wallsend, the partners in the Ranger uranium project, advanced strongly following the Australian Council of Trades Unions' decision to support the development of the project.

EZ Industries, up 32 at 255p, were additionally boosted by talk that North Broken Hill might make a takeover bid for the company, while Peko-Wallsend rose 13 to 340p ex the one-for-five rights issue; the rights opened at 170p premium and closed at 168p premium.

A proposed one-for-one rights issue at 20 cents (10p) depressed Australian Consolidated Minerals, which gave up 2 at 12p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1050	155	2	—	—	—	—	1200p
BP	1100	105	11	165	—	190	—	"
BP	1200	28	5	100	10	130	1	"
BP	1300	6	4	50	10	82	1	"
Com. Union	130	19	36	23	—	29	—	145p
Com. Union	140	10	1	17	—	22	—	"
Com. Union	160	2	—	7	2	15	—	"
Com. Union	180	1	—	3	5	—	—	"
Cons. Gold	240	14	7	24	—	30	—	244p
Courtaulds	90	12	—	15	2	16	—	91p
GEC	360	42	8	64	7	77	—	394p
GEC	390	17	9	43	2	57	—	"
GEC	420	5	—	28	8	42	4	"
GEC	460	1	—	11½	11	—	—	"
Grand Met.	138	20	50	27	12	—	—	154p
Grand Met.	158	6	64	11½	1	—	—	"
Grand Met.	178	1	—	4½	12	—	—	"
ICI	300	63	3	77	—	81	—	361p
ICI	330	35	26	47	15	53	—	"
ICI	360	11	7	23	1	31	—	"
ICI	420	1	—	3½	—	—	—	"
Land Secs.	280	25	12	41	3	53	—	305p
Land Secs.	300	14	10	31	—	42	—	"
Land Secs.	330	2	—	15	16	26	—	"
Shell	350	5	7	14	—	—	—	334p
Shell	400	2	22	5	—	—	—	"
Totals			284		99		5	
		November		February		May		
Boots	220	3½	1	9	—	—	—	200p
Totals			1					

FINANCIAL TIMES STOCK INDICES

	Sept. 11	Sept. 10	Sept. 7	Sept. 6	Sept. 5	Sept. 4	A year ago
Government Secs.	73.01	73.11	73.19	74.33	73.26	73.11	70.40
Fixed Interest	73.60	73.84	73.57	73.60	73.61	73.74	71.75
Industrial	477.4	475.0	473.5	470.7	472.8	468.6	526.4
Gold Mines	199.3	199.3	188.2	198.5	201.8	200.6	179.7
Gold Mines (Ex-$ pm)	176.9	177.4	168.8	178.6	181.1	180.9	122.7
Ord. Div. Yield	5.86	5.90	5.88	5.93	5.90	5.94	5.11
Earnings, Yld. % (full)	17.80	16.13	17.18	17.24	17.18	17.27	14.77
P/E Ratio (net) (*)	6.90	7.03	7.05	7.30	7.03	7.29	8.99
Total bargains	16,060	15,493	15,825	15,084	14,426	14,632	—
Equity turnover £m	—	63.39	73.26	94.27	62.14	58.18	97.56
Equity bargains total	—	11,092	12,284	12,864	10,031	10,475	17,604

10 am 479.6. 11 am 479.8. Noon 480.0. 1 pm 480.4. 2 pm 480.7. 3 pm 480.4.
Latest Index 01-246 8026.
*Nil=6.65.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (16/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (20/8)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm	181.1 (5/9)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Sept. 11	Sept. 10
Daily		
Gilt Edged	91.7	130.4
Industrials	142.1	138.2
Speculative	41.4	31.4
Totals	97.1	90.4
5-day Av'ge		
Gilt Edged	110.4	119.9
Industrials	150.9	129.9
Speculative	42.0	38.7
Totals	94.3	81.9

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (61)

FOREIGN BONDS (1): Chinese 4½pc 1898
CANADIANS (1): Gulf Oil
BANKS (1): Hambros
BEERS (2): Greenall Whitley, Tomatin
BUILDINGS (6): Finlan (John), Roberts Adlard, Magnet & Southerns, Westbrick Products, Newarthill, Whittingham
CHEMICALS (1): Stewart Plastics
STORES (3): Brown (N.), Home Charm, Fairdale Textiles A
ELECTRICALS (6): Dubilier, Farnell Elect., Electrocomponents, Racal Electronics, Electronic Rentals, Telephone Rentals
ENGINEERING (2): Chemring, Farmer (S. W.)
FOODS (5): Assocd. Brit. Foods, Matthews (B.), Assocd. Fisheries, Stocks (Joseph), Batleys of Yorkshire
INDUSTRIALS (12): Applied Computer T., Extel, Boot (Henry), Johnson Cleaners, Cape Industries, Metal Closures, Cawoods, Renwick, De La Rue, United Carriers, Diploma, Utd. Gas Inds., Batleys of Yorkshire
INSURANCES (1): Trade Indemnity
LEISURE (1): Zetters
NEWSPAPERS (1): Gordon & Gotch
PROPERTY (3): Estates Prop. Inv., Town & City, London Prov. Shop
SHOES (2): Allebone, Oliver (G.)
TEXTILES (1): Montfort
TRUSTS (4): Atlantic Assets, North Brit. Canadian, Govett European, Dawnay Day
OILS (2): Century, LASMO
OVERSEAS TRADERS (1): Tozer Kemsley
RUBBERS (1): Highlands
MINES (4): Grootvlei, Bracken, President Brand, Saint Piran

NEW LOWS (19)

BUILDINGS (1): Galliford Brindley
ELECTRICALS (2): BSR, Decca
ENGINEERING (7): Babcock Internatl., Shaw (Francis), Baker Perkins, Stothert & Pitt, Sykes (Henry), Serck
INDUSTRIALS (3): Biddle, L.K. Industrial, Evers (J.J.)
MOTORS (2): B.L., Lucas Inds.
NEWSPAPERS (1): Collins (William), Marshall Cavendish
PAPER (1): Geers Gross
OILS (1): KCA

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	10	58	76
Corpns. Dom. and Foreign Bonds	4	1	10
Industrials	435	111	855
Financial and Prop.	232	25	250
Oils	17	4	13
Plantations	—	4	19
Mines	51	28	71
Others	81	15	55
Totals	835	244	1,356

APPOINTMENTS

Sir Frank McFadzean joins Board of Rolls-Royce

Sir Frank McFadzean has been appointed to the Board of ROLLS-ROYCE, the aero engine manufacturer. Sir Frank, who retired as chairman of British Airways in May, was chairman of the "Shell" Transport and Trading Company from 1972-76. Dr. J. F. Watkinson has been made managing director of the industrial marine division of Rolls-Royce, based at Ansty, near Coventry. Dr. Watkinson was, until recently, deputy chairman and managing director of Plessey Aerospace.

★

Sir Derek Mitchell has been appointed to the board of STANDARD CHARTERED BANK and to the boards of the Standard Bank and the Chartered Bank. Sir Derek, who was Second Permanent Secretary (Overseas Finance) at the Treasury from 1973-77, is a senior adviser to Kuhn Loeb Lehman Brothers International and also a director of the Bowater Corporation.

★

Mr. G. A. Wright is to join GEORGE WIMPEY & CO. as finance director from September 27. He will succeed Mr. Harry Norris, who is to retire from that position but will remain an executive director until June 1980. For the past 12 months Mr. Wright has been with a firm of management consultants and before that was with BL.

★

Mr. Christopher Benson has been appointed an adviser to the investment committee of the BRITISH PETROLEUM PENSION TRUST. He is vice-chairman and managing director of MEPC.

★

Sir John Buckley is to become chairman of ENGELHARD INDUSTRIES LIMITED to succeed Mr. J. O. Hitchcock, who is retiring from the chairmanship but will remain on the Board as a non-executive director. Sir John is chairman of the Davy Corporation.

★

Sir Ralph Bateman has been appointed a deputy chairman of REA BROTHERS.

★

COOL TECHNOLOGY has appointed Mr. John Wright as director and chief accountant and Mr. Keith Sheldon as sale director.

★

The THOMSON ORGANISATION states that following the death of Mr. Geoffrey Parrack, Mr. W. M. Brown has been appointed chairman of Thomson Yellow Pages. Mr. J. Evans becomes chairman of Thomson Withy Grove, and Mr. E. G. Hedgecock has been made chairman of F. C. Holdings and also joins the board of Thomson Land and Properties. Mr. Brown, Mr. Evans and Mr. Hedgecock continue in their present group positions. Other group posts are Mr. Alan B. Roe as managing director of the North Western Newspaper Company in December and Mr. Michael Crossley is to be assistant managing director of Lancashire and Cheshire County Newspapers from October 1.

★

Expansion of SERICOL GROUP has lead to the creation of a board of associate directors. Mr. John Gaunt has been appointed associate director, UK Sales; Mr. Derek Godden—associate director, finance; and Dr. David Seddon — associate director, research and development.

★

Mr. Geoffrey J. Bowling has been appointed to the Board of DRAYTON FAR EASTERN TRUST and Mr. Alexander S. Reid has joined the Board of TRIPLEVEST. Both companies are managed by Drayton Montagu Portfolio Management.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 3	Sep. 14	Dec. 6	Dec. 17
Sep. 17	Sep. 28	Dec. 20	Jan. 7
Oct. 1	Oct. 12	Jan. 10	Jan. 21

For rate indications see end of Share Information Service.

Money was given for the call in John Brown, Sunlight Service, Lonrho, Stylo, Howard and Wyndham, Emray, 600 Group, Maples, and French Kier. Puts were dealt in Racal Electronic, Town and City and Wedgwood. While double options were completed in Debenhams, Burton Warrants, EMI and Beecham.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	9	360	+2	415	314
Shell Transport	25p	9	332	−2	402	278
GEC	25p	8	394	−1	456	311
Plessey	50p	8	130	−1	131	101
Reed Intl.	£1	8	180	+3	199	149
BP	£1	7	1,196	+15	1,296	882
Imperial Group	25p	7	94	—	108	82
Marks & Spencer	25p	7	107	+1	134	83
Racal Electronics	25p	7	274	+7	276	168½
BTR	25p	6	328	+12	341	219
EMI	50p	6	95	+1	144	89
Farnell Elect'nics	20p	6	282	+6	284	156
GUS A	25p	6	408	+4	448	288
Reckitt & Colman	25p	6	226	−6	283	194
Unitech	10p	6	222	+4	227	156

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
‡‡	F.P.	24/8	75	60	Arrow Chemicals	72	+1	b2.0	2.5	4.0	15.5
‡‡	F.P.	—	99	90	Barlow Hldgs.	90		[illegible]	[illegible]	4.1	31.8
160	F.P.	5/9	190	186	Mercantile House	186		10.72	2.8	8.1	7.7
‡‡	F.P.	10/8	37	26	Mettoy Pfd.	34		—	—	—	—
‡‡	F.P.	—	200	168	[illegible]	[illegible]	+2	[illegible]	[illegible]	3.8	24.6
160	F.P.	8/8	244	192	Standard Tel. & Cables	244		b8.0	3.1	4.7	14.7

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing Price £	+ or −
‡91	F.P.	21/9	87	85	Aurora 8½% Conv. Cum. Pref.	86	
100	F.P.	21/9	106p	101p	Bradford Prop. 10½% Conv. Pref.	105p	
100	F.P.	20/7	101½	98	English & Overseas Inv. Conv.	95½m	+2
[illegible]	F.P.	—	[illegible]	[illegible]	[illegible]	1¾	
[illegible]	F.P.	—	[illegible]	[illegible]	[illegible]	71m	
[illegible]	F.P.	—	[illegible]	[illegible]	[illegible]	9½m	
97	F.P.	24/9	99½	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	98½	
100p	F.P.	—	100p	99	[illegible]	6pm	
[illegible]	F.P.	21/9	101½	101½	[illegible]	101½	
[illegible]	F.P.	18/10	101½	98½	Wrexham Water 8% 1984	101¼	

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
14	F.P.	25/8 21/9	19	17	Abwood Machine Tools	18	
65	F.P.	24/8 14/9	90	78	Bank & Commercial	85	
115	F.P.	4/9 10/10	150	130	Bank Leumi	150	
A$2	Nil	—	50pm	27pm	Bank of New South Wales	54pm	−2
20	Nil	—	12pm	2pm	Benlox	12pm	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dares Estates	[illegible]	
125	Nil	—	24pm	17pm	Estates Property Inv.	24pm	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
115	F.P.	20/8 21/9	158	124	Hay's Wharf	158	+2
[illegible]	Nil	—	[illegible]	[illegible]	Lennons	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Letraset	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London Inv. Trust	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	McCarthys Pharm.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nolton	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Peko-Wallsend	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Saltrust	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yorkgreen Inv.	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Tues., Sept. 11, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Sept. 10 Index No.	Fri., Sept. 7 Index No.	Thur., Sept. 6 Index No.	Wed., Sept. 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	249.82	+0.4	17.28	5.75	7.43	248.83	247.59	246.43	247.23	251.71
2	Building Materials (27)	237.47	+1.1	17.38	5.74	7.50	234.98	234.23	233.46	235.41	222.79
3	Contracting, Construction (28)	394.40	+0.4	23.20	5.66	5.38	392.76	390.92	390.16	386.63	414.34
4	Electricals (15)	644.74	−0.1	12.62	3.60	10.60	645.33	636.38	626.57	626.32	560.81
5	Engineering Contractors (12)	347.04	+0.7	20.96	6.97	5.96	344.78	347.91	350.70	353.95	362.66
6	Mechanical Engineering (74)	172.13	+0.7	19.47	6.77	6.53	170.98	170.92	170.81	171.95	202.61
8	Metals and Metal Forming (16)	161.99	—	19.32	9.26	6.44	161.97	162.16	163.25	164.82	177.15
	CONSUMER GOODS										
11	(DURABLE) (52)	247.67	+1.4	14.87	5.03	8.44	244.36	240.34	238.49	238.05	224.82
12	Lt. Electronics, Radio, TV (16)	358.49	+1.7	11.32	3.97	11.40	352.57	344.11	339.67	338.05	277.51
13	Household Goods (13)	148.96	+0.7	19.50	7.33	6.29	147.87	147.16	148.71	148.87	185.99
14	Motors and Distributors (23)	113.18	+0.6	23.63	7.40	5.14	112.48	112.66	112.86	113.45	134.44
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	242.46	+0.9	16.28	5.86	7.64	240.35	238.21	237.41	237.72	225.73
22	Breweries (14)	294.00	+1.0	15.42	5.20	7.73	291.04	288.67	286.90	288.37	238.52
23	Wines and Spirits (6)	337.45	+0.9	16.26	5.32	7.65	334.51	328.96	325.96	323.65	299.25
24	Entertainment, Catering (17)	319.35	+0.7	15.51	6.37	8.46	317.21	309.89	307.27	307.13	272.49
25	Food Manufacturing (19)	213.49	+0.3	18.60	6.28	6.66	212.92	211.10	211.16	209.76	222.57
26	Food Retailing (15)	312.03	+1.1	13.06	4.11	9.22	308.56	308.89	308.60	307.81	233.77
32	Newspapers, Publishing (12)	428.46	+0.6	22.08	6.79	6.35	425.79	423.28	427.33	422.90	406.56
33	Packaging and Paper (15)	131.36	+0.2	22.38	8.48	5.79	131.06	131.47	129.97	130.20	154.11
34	Stores (41)	243.67	+1.2	12.12	4.28	10.80	240.76	238.13	237.73	239.36	216.18
35	Textiles (23)	157.75	+1.3	23.27	9.75	5.42	155.73	153.94	153.75	154.58	185.42
36	Tobaccos (3)	248.32	+0.7	22.96	8.96	4.92	246.63	246.49	245.52	245.52	258.33
37	Toys and Games (6)	72.89	+1.3	23.71	9.24	5.36	71.99	71.99	72.35	72.83	121.08
41	OTHER GROUPS (99)	208.63	+0.5	15.33	6.04	8.00	207.52	208.03	207.70	207.36	220.69
42	Chemicals (18)	292.22	+1.0	17.44	6.61	6.69	289.24	295.37	293.99	299.32	310.54
43	Pharmaceutical Products (7)	230.79	−0.6	12.12	4.75	10.09	232.16	228.07	226.86	225.47	289.49
44	Office Equipment (6)	123.85	+0.1	16.13	6.78	7.75	123.70	121.00	121.20	120.59	149.35
45	Shipping (10)	465.49	+1.5	11.40	6.45	11.20	458.39	460.81	460.56	461.19	435.27
46	Miscellaneous (58)	246.79	+0.6	15.64	5.97	8.21	245.40	245.41	245.98	244.79	234.71
49	INDUSTRIAL GROUP (494)	243.92	+0.7	16.20	5.81	7.72	242.19	240.76	239.39	240.10	238.44
51	Oils (6)	637.41	+0.4	17.75	6.66	6.06	634.74	630.06	622.84	622.75	515.81
59	500 SHARE INDEX	276.00	+0.7	16.46	5.96	7.38	274.18	272.50	271.15	271.54	261.86
61	FINANCIAL GROUP (116)	196.02	+1.0	—	5.41	—	194.06	191.84	191.70	191.14	175.87
62	Banks (6)	223.81	+1.2	36.94	5.72	3.46	221.06	216.03	216.84	217.45	196.31
63	Discount Houses (10)	259.45	—	—	7.08	—	259.45	259.45	259.49	258.38	216.14
64	Hire Purchase (5)	173.61	+0.1	19.11	5.00	6.70	173.43	172.98	174.09	175.59	164.92
65	Insurance (Life) (10)	164.99	+1.1	—	6.16	—	163.17	159.82	158.23	156.72	148.50
66	Insurance (Composite) (8)	129.65	+0.2	—	7.25	—	129.36	127.98	127.12	126.20	133.13
67	Insurance Brokers (10)	280.51	+2.0	17.85	6.54	8.01	274.97	271.87	271.34	272.52	357.08
68	Merchant Banks (14)	103.04	+1.3	—	5.34	—	101.72	101.60	101.35	100.72	86.25
69	Property (43)	368.93	+0.9	3.36	2.56	43.45	365.53	364.91	366.12	364.59	264.51
70	Miscellaneous (10)	124.80	+2.3	14.91	7.10	8.59	122.02	121.94	121.82	121.10	114.76
71	Investment Trusts (110)	215.77	+1.0	—	5.30	—	213.58	213.65	213.49	213.64	235.46
81	Mining Finance (4)	133.19	+0.3	14.96	5.67	8.20	132.78	129.51	130.37	134.17	125.20
91	Overseas Traders (20)	345.29	−0.1	15.16	7.39	8.06	345.71	344.94	344.90	345.62	336.90
99	ALL-SHARE INDEX (750)	253.41	+0.7	—	5.85	—	251.60	249.84	248.93	249.18	239.59

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 11	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.20	−0.04	—	6.66
2	5-15 years	117.70	−0.17	—	7.55
3	Over 15 years	123.53	−0.30	—	9.65
4	Irredeemables	135.46	−0.26	—	9.02
5	All stocks	114.74	−0.12	—	7.96

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Sept. 11	Mon., Sept. 10	Year ago (approx.)
1	Low	5 years	10.11	10.13	8.66
2	Coupons	15 years	10.59	10.59	10.49
3		25 years	11.08	11.05	11.09
4	Medium	5 years	12.00	11.95	10.71
5	Coupons	15 years	12.12	12.10	12.12
6		25 years	12.21	12.19	12.23
7	High	5 years	12.44	12.41	11.02
8	Coupons	15 years	12.52	12.48	12.56
9		25 years	12.54	12.52	12.85
10	Irredeemables		10.89	10.86	11.62

		Tues., Sept. 11 Index No.	Yield %	Mon. Sept. 10	Fri. Sept. 7	Thurs. Sept. 6	Wed. Sept. 5	Tues. Sept. 4	Mon. Sept. 3	Fri. Aug. 31	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.75	12.84	58.76	58.95	58.76	58.67	58.61	58.69	58.74	67.03
16	Investment Trust Prefs. (15)	51.60	14.08	51.60	51.53	51.53	51.53	50.71	51.53	51.53	61.05
17	Coml. and Indl. Prefs. (20)	71.32	12.54	71.32	71.28	71.28	71.17	70.91	71.21	70.78	70.94

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	107.4	113.0	-0.3	3.14
Abbey Capital	38.6	41.1	+0.6	4.66
Abbey Income	45.1	48.0	+0.5	7.29
Abbey Inv. Tst. Fd.	37.7	40.1	+0.2	5.68
Abbey Gen. Tst.	50.5	53.7	+0.5	4.95
Equitas Prog. Tst.	71.4	75.3	+0.9	4.71

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	97.4	102.5	.....	12.00

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	73.7	78.9	+1.0	5.27
Brit. Inds. Fund	72.1	77.1	+0.9	5.27
Grth. & Inc.	41.7	44.6	+0.6	4.93
Elect. & Ind. Dev.	39.3	42.1	+0.5	4.99
Allied Capital	78.1	83.6	+1.1	4.78
Hambro Fund	120.8	129.3	+1.4	5.68
Hambro Acc. Fd.	141.9	151.8	+2.2	4.99
Income Funds				
High Yield Fd.	73.6	78.7	+0.4	8.69
High Income	70.6	75.5	+0.7	7.42
A. H. Eq. Inc.	41.9	44.8	+0.4	7.23
International Funds				
International	26.1	27.9	+0.1	2.88
Pacific Fund	37.4	40.0	.....	2.25
Secs. Of America	58.6	62.7	+0.7	2.01
Specialist Funds				
Smaller Co.'s Fd.	48.4	51.8	+0.4	3.86
2nd Smlr. Co's Fd.	59.2	63.3	+0.6	3.95
Recovery Sits.	116.3	124.4	+1.2	5.39
Met. Min. & C'dty.	48.1	51.5	+0.4	5.06
Overseas Earnings	58.9	63.0	+0.7	5.24
Exempt Funds				
Far East Exempt	44.9	46.7	-0.1	3.01
Smaller Co. Exempt	75.8	79.6	+0.6	4.32
U.S.A. Exempt	102.5	106.6	+2.6	3.28

Anderson Unit Trust Managers Ltd.

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	50.6	54.1	+0.7	4.57
Do. Accum.	67.8	72.5	+1.0	4.52

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 30	107.7	108.8	.....	4.96
Gross Inc. Aug. 30	76.9	78.7	.....	9.91
High Yield Aug. 30	84.7	87.8	.....	9.68

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	106.4	113.1	+0.8	4.10
Do. Acc.	132.1	140.5	+1.0	4.10
G.T. Inc. Fd. Un.	169.4	180.2	+1.2	9.10
G.T. U.S. & Gen.	137.6	146.3	+1.2	2.80
G.T. Japan & Gen.	79.5	84.1	-0.4	3.10
Gt. Pens. Ex. Fd.	224.2	234.3	.....	5.30
G.T. Int'l. Fund	153.8	163.6	+0.1	3.10
G.T. Four Yds. Fd.	53.8	57.2	.....	7.80
G.T. Far East & Gen.	45.0	48.3	-0.1	3.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.9	39.4	+0.4	4.90

Gartmore Fund Managers (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	26.2	28.1	+0.3	0.90
British Tst. (Acc.)	66.7	71.8	+0.7	3.07
Commodity Share	31.2	33.6	+0.4	3.07
Extraincome Tst.	24.8	26.7	+0.1	9.25
Far East Trust	34.1	33.6	-0.1	1.17
High Income Tst.	59.4	63.9	+0.5	9.30
Income Fund	78.2	84.1	+1.0	7.22
Ins. Agencies	14.49	15.50	-0.14	4.10
Intl. Exempt Fd.	95.9	103.6	+1.1	6.63
Intl. Tst. (Acc.)	32.5	34.9	+0.4	1.03

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	30.2	37.9	.....	9.40
Income	43.5	47.3	+0.3	8.80
Accumulation	79.6	86.5	+1.5	3.90

INSURANCE & PROPERTY BONDS

OFFSHORE & O'SEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¼	54⅝	Treasury 10½pc '79‡‡	99½	......	10.56	13.53
98¾	94½	Electric 3½pc '76-79	98⅞	......	3.56	13.66
99⅝	95⅞	Treasury 9pc 1980‡‡	98⅛	......	9.17	13.20
99⅝	95¹⁵⁄₁₆	Treasury 9½pc '80‡‡	97¹³⁄₁₆	–⅛	3.72	11.73
97	92⅛	Treasury 3½pc '77-80	94⅛	+⅛	3.72	11.88
97⅜	92⅞	Funding 5½pc '78-80‡‡	95⅛	+⅛	5.51	12.06
103⅝	99⅞	Exchequer 13pc 1980‡‡	100⅜	......	12.97	12.69
102⅛	96⅝	Treasury 11½pc 1981‡‡	99	–⅛	11.61	12.23
93⅛	88⅞	Treasury 3½pc 1979-81	92¼	+¼	3.79	9.41
99⅞	92⅞	Treasury 9¾pc 1981‡‡	96¾xd	......	10.07	12.13
96⅞	89½	Exch. 8¼pc 1981	93⅞	......	8.78	12.13
98⅞	91¼	Exch. 9½pc 1981	95½	–⅛	9.94	9.00
91⅛	84¼	Exch. 3pc 1981	89½	+⅛	3.35	12.18
98⅞	96	Treas. Variable '81§§	97⅝	+⅛	14.19	15.28
104⅞	97⅞	Exch. 12¾pc 1981‡‡	100¾	–⅛	12.65	12.27
96⅞	88	Treas. 8½pc '80-82‡‡	92⅞	–¼	9.14	12.00
89½	82	Treasury 3pc '82‡‡	87¼	......	3.44	8.95
108⅞	100⅝	Treasury 14pc '82‡‡	103⅞xd	–⅛	13.48	12.20
97¼	94⅜	Treas. Variable '82§§	96¼	+⅛	14.39	15.51
95¼	85⅞	Treasury 8¼pc '82	91¾	–⅛	8.99	11.74
97¼	86½	Exch. 9¼pc 1982	93xd	–⅛	9.94	12.01
95⅞	84⅝	Exch. 8¾pc 1983	91⅞	–⅛	9.51	11.73
86⅛	77¼	Exch 3pc '83	83	......	3.61	8.82
104⅞	93⅛	Treasury 12pc 1983‡‡	99⅞xd	–⅛	12.05	12.17
95	93½	Treas. Variable '83§§	94⅛	+⅛	14.71	15.97
97¼	84½	Treasury 9¼pc '83	92⅞	–⅛	9.97	11.63
98⅞	85½	Exch. 10pc 1983	93⅞	–⅛	10.70	11.89
89½	78¼	Funding 5½pc '82-84‡‡	85	......	6.47	8.81
30⅞	29⅞	Exch. 11¼pc '84 £30 pd.	29⅝	–⅛	11.64	12.17
77⅝	76⅞	Exch. 3pc 1984	77⅛	......	3.88	9.00

Five to Fifteen Years

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101¼	97¼	Treasury 12pc 1984	98⅞xd	–⅛	12.11	12.27
110	93¾	Exch. 12¾pc 1985	103⅝	–⅛	12.30	12.33
95	80	Treasury 8½pc '84-86‡‡	92	–⅛	9.39	10.46
112⅛	97¼	Exch. 13¼pc 1987	105½	–¼	12.78	12.46
84⅝	72½	Funding 6½pc '85-87‡‡	84⅛	–¼	7.96	9.96
88⅝	73½	Treasury 7¾pc '85-88‡‡	85⅝	–⅜	9.16	10.55
70⅝	58⅝	Transport 3pc '78-88	66	–⅛	4.58	8.70
—	—	Treas. 11½pc '89 £40pd	£95½	......	12.04	12.32
73	61⅛	Treasury 5pc '86-89	69¼xd	–¼	7.17	9.80
113⅞	93⅜	Treasury 13pc 1990‡‡	104⅞	–⅛	12.64	12.49
89¼	72¾	Treasury 8¼ 87 90‡‡	83¼	–⅛	10.15	11.29
106⅛	86¼	Treasury 11¾pc 1991	97⅜	–⅛	12.32	12.51
72½	60⅝	Funding 5¾pc '87-91‡‡	68¼xd	–⅛	8.38	10.50

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103¾	98¼	FFI 13pc 1981	100	......	13.00	12.90
107	100	Do. 14pc '79	101	......	14.24	—
108¾	98¼	Do. 14pc '83	103¾	......	13.49	12.80
86½	77½	ICFC 5½pc Deb. '80-82	83xd	–½	6.58	11.80
85	71½	Do. 6¼pcDb. '81-84	80½	......	7.99	12.80
99	84½	Do. 10¼pc Uns.Ln. '86	94	......	11.41	12.40
99	84½	Do. 11pc Uns.Ln. '88	94½	......	11.88	12.50
101½	84	Do. 11¾pc Uns.Ln. '90	97½	......	12.22	12.40
72½	57	Do. 7¼pcADeb. '89-92	67	......	11.21	12.90
69	53½	Do. 7¼pcA Db. '91-94	64¾xd	......	11.19	12.40
81½	64½	Do.9pc'A' '91-94	75½xd	......	11.92	12.70
78½	62½	Do.8⅞pcLn. '92-97	73	......	12.16	12.60
102	95½	Do. 12½pc. Uns. Ln. 1992	98xd	......	12.75	12.80

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
375	270	Cater Ryder £1	351	......	18.88	—	7.7	—
110	75	Clive Dis'nt 20p	103	......	5.33	—	7.4	—
224	122	Com'l Aus. (SA1)	148	......	Q18c	Φ	6.4	Φ
£174	930	Com'zbk DM 10&	£10	......	Q26.6%	—	6.8	—
£18½	£10¼	C'hgn.Hbk.Kr100	£10¼	......	Q12%	—	11.1	—
41	29	Corinthian 10p	38	......	1.05	5.9	3.9	4.4
£24¼	£15	Cred. France F75	£17⅜	......	Q9.87%	—	3.7	—
16	12	Dawes (G. R.)	13	......	—	—	—	—
£121	£64	Deutsche Bank DM50	£69½	+½	Q28.12%	—	4.9	—
90	62	F. C. Finance	62	......	2.2	4.9	5.1	5.7
8¼	5¼	First Nat. 10p	5¾	......	—	—	—	0.4
4	2	Do. Wrrts. 75-83	2¾	......	—	—	—	—
266	178	Gerrard Natnl	264	......	9.12	—	4.9	—
62	39	Gibbs (A.)	50	......	2.2	—	6.3	—
270	217	Gillett Bros. £1	221	......	†16.95	—	11.0	—

BANKS & HP—Continued

Hire Purchase, etc.

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INDUSTRIALS—Continued

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INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

[illegible]

NOTES

[illegible]

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday September 12 1979

Ford has £2.5bn new model plan for Europe

By Kenneth Gooding in Frankfurt

FORD will spend DM 10bn (£2.5bn) in Europe on developing new cars, engines and trucks between now and 1985, Mr. Robert Lutz, Ford of Europe's chairman, said yesterday.

None of the cash would go towards new manufacturing capacity, however, and further "substantial" sums would be needed for investment there.

A decision on Ford's European expansion programme, already delayed a year, is unlikely until early next year.

In the run-up to the Frankfurt International Motor Show Mr. Lutz said the group was to begin assembly at Cologne and so increase output of its successful Fiesta small car by 50,000 a year.

This, at the relatively low cost of about £7m, is to compensate for a decline in sales of Ford's big car, the Granada, which is also built at Cologne. A general drop in demand in the West German car market has created further excess capacity at Cologne.

Mr. Lutz said that Ford expected total European car sales to fall from about 10.3m this year to slightly below 10m next year.

This would be accompanied by a 2 to 3 per cent growth in the market share of small cars, gained at the expense of the big cars.

The Fiesta, which is assembled at Saarlouis, West Germany, Dagenham, UK and Valencia, Spain, is already in short supply. Ford believes it will remain so, even with the extra capacity at Cologne.

The oil supply crisis had made Ford rethink its strategy in Europe, Mr. Lutz said. The group had pulled forward it new car and engine development programme. "Better to have models that everyone wants but are in short supply than have extra capacity you can't fill," a Ford executive said later.

The DM 10bn will be spent to make products more efficient, safer, stronger but lighter, easier to repair and cheaper to service.

Ford will watch European car markets carefully during the last three months of 1979 for trends in demand and the market segmentation between big, medium and small cars.

It still expects new car sales in Europe to reach 11.5m by 1985 but is not sure about the short-term trends. It does not want to have extra capacity available too early.

Joseph may halt aid to microchip project

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SIR KEITH JOSEPH, Industry Secretary, is to decide soon whether to withdraw Government aid from the National Enterprise Board's INMOS microchip project as part of his department's contribution to the next round of Government public expenditure cuts.

The Industry Department is now assembling a package of cuts between £50m and £100m. In addition to the cuts in its regional and other industry aid budget, announced earlier in the summer.

It has also put forward separate proposals to the Treasury and the Civil Service Department for pruning its own departmental staff by between 10 and 20 per cent. Some of these cuts will come from parts of the department involved in State intervention in industry which has been reduced under the present Government.

The Industry Department under Sir Keith is committed to encouraging the development of high technology in industry and is studying ways of enticing the private sector to invest in microelectronics. But some ministers do not believe that INMOS is an essential part of this strategy.

Sir Keith has received papers from his senior civil servants summarising the arguments for and against the project whose future is now the balance.

Cutting off aid to INMOS would save £25m and is an attractive idea for the Government which believes that the private sector should be left to develop UK's micro electronic manufacturing industry without direct intervention by public sector agencies.

Ministers have also been advised that it is more important to concentrate on encouraging the widespread use of micro electronics by UK industry than to devote large sums of public money to microchip manufacture.

But the argument against ending the State aid is that an initial £25m has already been committed by the NEB to INMOS which has established a head office in Bristol with about 40 staff and is building up a work force which will number about 500 by next year.

The Government may therefore decide to approve the second tranche of £25m while stressing that it will not authorise any more after the then total of £50m has been spent.

Dunbar resigns NEB post, Page 8

Government borrowing down 7.8% in August

By David Freud

CENTRAL Government borrowing fell back in August after the rapid growth of the first four months of the financial year.

The Treasury said yesterday that borrowing in August was £1.06bn, or 7.8 per cent below the total in the same month last year. This compares with the rapid increase over the previous four months, when borrowing was 54 per cent higher than in the same period in 1978.

Taking the first five months of the financial year together, borrowing was 33 per cent above the 1978 level, which is moving towards the Budget projection of an 18 per cent rise for 1979-1980 as a whole.

The lower level of borrowing has come sooner that the Government expected. It believed that it would not be until the autumn that the high borrowing figures were reduced, as the public sector spending cuts started to bite and the main impact of the increase in VAT began to be reflected in Government finances.

In fact August was the first month in which the higher VAT—paid two months in arrears—began to reach the Government.

But this was only for the last 12 days of June and was much more than offset by the £400m to £500m reduction in receipts due to the increase in personal allowances.

The main element in the lower borrowing for August was a sharp increase in balances held by Government departments. These rose £509m, compared with £10m at the same time last year.

Nearly half the rise is explained by a £220m increase in the National Oil Account, reflecting quarterly payments of North Sea petroleum royalties due on August 1. Officials do not know how to account for the rest of the increase.

In the first five months of 1979-80 net lending to public bodies was £588m more than last year, when the figures reflected payments of £295m by the National Enterprise Board.

CENTRAL GOVERNMENT FINANCES

Borrowing (+) or Surplus (+) £m	1979-80	1978-79
April	−1,307	− 446
May	−1,500	−1,715
June	− 990	− 498
July	+ 27	+ 143
August	−1,064	−1,154
Total to date	−4,882	−3,670
Total for whole of year*	−9,564	−8,082

* Estimated outcome for 1978-79 and Budget forecast for 1979-80. Source: Treasury.

Bankers worried by effect of gold rise on inflation

BY DAVID MARSH IN BASLE

THE INFLATIONARY effect on international liquidity caused by the soaring price of gold is creating concern among leading central bankers gathered here for the regular monthly meeting of the Bank for International Settlements.

They fear that the large increase this year in the value of the external assets of gold-holding countries will weaken the resolve of governments to follow programmes aimed at lowering inflation or cutting balance of payments deficits.

However — partly because of ambivalent attitudes on the part of central banks which are large owners of gold—the monetary authorities have no plans to take action to dampen the price rise.

The increase of well over $100 an ounce in the gold price since the start of the year has in particular increased the value of the reserves of the EEC countries, which own 40 per cent of the world's monetary gold.

The effect of the price rise on liquidity in the Community has been intensified by the reserve pooling mechanism set up under the European monetary system.

Since March EMS member countries have deposited 20 per cent of their gold and dollar reserves in exchange for European currency units, with the gold valued at market prices.

The ECUs are held in member country reserves and can be drawn upon to settle central banks' short-term intervention debts. In this way countries can effectively make use of their gold reserves far more easily than by either direct sales or by using the metal as collateral for loans.

It is feared that the boost to liquidity resulting from the gold price rise could make member countries whose currencies come under pressure less determined to carry out economic stability programmes. The sharp rise in the gold price has taken the market value of all countries' official gold holdings reported to the International Monetary Fund to around $310bn, an increase of over 20 per cent since June. This compares with countries' total foreign exchange holdings of around $300bn, a figure which itself has roughly doubled over the last four years.

The latest boost to liquidity has come at a time when international bank lending conditions are still very favourable towards borrowers. As a result, pressures for more deficit countries to turn to conditional financing from the International Monetary Fund or the EEC are practically non-existent.

The degree of concern about the price rise varies from country to country. West Germany is thought to be especially worried. Although the Bundesbank is the second largest holder of gold among central banks, Germany has placed particular emphasis on the disciplinary effect of the EMS.

Countries such as Italy, France, Belgium and the Netherlands with a relatively large proportion of gold in their reserves, have to some extent been gratified by the sharp rise in their assets. And the U.S., the world's largest gold holder, which has been traditionally opposed to the remonetisation of gold, has also seen a dramatic increase in the value of its considerable gold reserves.

But even among the large gold holders there is unease that the price has been moving up unnaturally fast — particularly as it may herald a new period of instability for currencies.

The effect of the gold price rise on Community liquidity will become apparent at the end of this month with the regular three-monthly revaluation of EMS members' holdings of European currency units. This takes account of changes in the gold price and fluctuations in the total level of EEC dollar reserves over the previous quarter.

Unofficial calculations show that total ECU holdings will increase to roughly $44bn from around $40bn at end June.

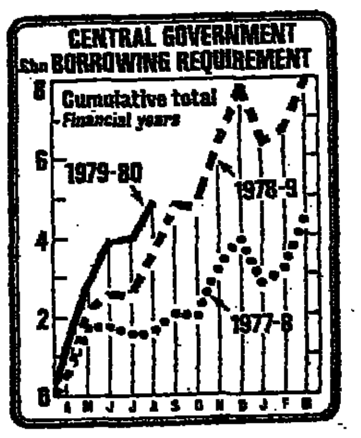
Assuming an average market price of around $290 per ounce over the March to September period (a six-monthly average is used to set the gold valuation), the gold component will be worth around $25bn against $21bn in June.

THE LEX COLUMN

Potatoes blight Reckitt in U.S.

The gilt-edged market gained some mild encouragement from the August central Government borrowing requirement, which could well mark the end of a run of poor figures. But earlier in the day gilts had been looking uneasy, and only very small applications are expected for the two new issues this morning.

Index rose 2.4 to 477.4



Reckitt & Colman

Reckitt and Colman has joined the growing band of UK companies (ranging from Tate and Lyle to Mothercare) that are finding the giant American market is not always the easiest nut to crack. The bulk of the £6.4m drop in Reckitt's interim profits to £25.2m is due to a sharp reverse in the fortunes of the group's American operations.

In good times Reckitt's North American business should be able to make £10m plus per year but in the first half of 1979 it just about broke even on sales of £65m. There was a long and costly strike, and potato processing (the biggest single part of the U.S. business) continued to suffer from a glut. In addition, a number of recent small acquisitions seem to have turned sour.

Reckitt and Colman has instituted a gentlemanly reshuffle of its U.S. management and promises that the worst is now over but the message is clear—in a highly competitive market place a UK company's U.S. offshoot can run off the rails quickly and with very little warning.

As a result it looks as if Reckitt's recent record of uninterrupted profit growth is going to be dented this year. Unless there is a favourable movement in exchange rates full year profits look like falling from £61.3m to £56m-£57m. However, next year Reckitt's profits should be on the upward path again and in the meantime the dividend has been hoisted by 43 per cent. At 226p the shares yield 5.4 per cent, the group's distribution policy being to aim at cover of two on a CCA basis. This looks a fairly *high rate of retention, but then* Reckitt is one of those rare companies that has never had a rights issue.

Standard Chartered

Given the sluggishness of world trade and the squeeze on margins, a one-fifth rise in Standard Chartered's interim *pre-tax profits to £86.2m looks* fairly impressive. There was a nominal £1m contribution from the newly acquired Union Bancorp but this was overshadowed by the £9m reduction of profits resulting from the appreciation of sterling.

Like the Hongkong and Shanghai Banking Corporation, which recently reported a 37 per cent rise in interim net profits, SC has been doing very well in South East Asia and the Far East which together contribute close to 30 per cent of group profits these days. The rest of the group did less spectacularly. Here in Britain Hodge Group's profits are down by close to a fifth, as a result of the rise in interest rates, and squeezed margins in wholesale banking.

With the rights issue out of the way and the Union Bancorp acquisition under its belt the only cloud overhanging the SC share price currently is the uncertain future of the 16 per cent Midland Bank stake. At 488p the shares yield a comfortable 7.3 per cent.

Buying in

An important side-issue to emerge from yesterday's Green Paper on three-tier company reporting is the suggestion that British companies should be allowed to buy in their own equity. This is a course that has long been open to companies in the U.S. and on the Continent, and it seems that the Secretary of State for Trade, Mr. John Nott, is personally keen on the idea.

Freedom to buy shares in the market would be attractive to companies at times—like now—when their shares are often quoted at large discounts on net worth, and when attractive *direct investment projects are* hard to find. In such circumstances it would be a way of raising the overall return on shareholders' funds.

In the broader context of the capital market, there would be the important advantage that surplus capital could be redistributed via shareholders to other capital-hungry companies, without the need for acquisitions which too often result in sprawling, scarcely manageable conglomerates. But the trouble is, *of course, that giving companies* the chance to interfere in their own share markets would open up enormous possibilities for manipulation, oppression of minorities and outright fraud. Such buying would need, at the very least, to be closely policed. It would be better to make the tax system more amenable to the direct repayment of capital to shareholders.

Bowater

Bowater's shares have been under a cloud recently, as the group's reliance on American markets leaves it vulnerable to the strength of sterling and to any fall in U.S. economic activity. But yesterday's interim figures, whilst being badly affected by currency translation, were accompanied by an optimistic statement on U.S. sales volume.

Pre-tax profits are virtually unchanged at £42.7m, a figure which conceals a substantial improvement in the U.S. paper and pulp business, where demand has been very strong at higher prices—and a further $20 a ton increase on newsprint is being pushed through in November. This has offset a £4m adverse currency effect, irrecoverable losses of £2½m through the UK haulage strike and a downt[illegible] in cotton trading. Losses on the UK newsprint side were actually slightly less than in the first half of 1978.

Bowater claims that its U.S. machines will work at full—and increased—capacity throughout 1980. So the volume outlook is encouraging, even though there may be some pressure on margins if it becomes less easy to put up prices. This year, at current exchange rates, Bowater will be hard put to improve on the 1978 pre-tax profit of £90m, although of course a fall in sterling would make things very different. The gross interim dividend is unchanged, and the emphasis that Bowater puts on current cost earnings suggests the final will be conservative. But the historic yield at 170p *is a solid 9½ per cent; the p/e,* around 7 fully taxed, is very modest, but then so are the immediate earnings growth prospects.

Weather

UK TODAY

DRY and sunny in most areas.

London, England (except N.E.), Wales, N. Ireland, Channel Isles, Isle of Man

Dry with sunny intervals. Max. 22C (72F).

N.E. England, Borders, Edinburgh and Dundee, S.W. Scotland, Glasgow

Rain at first becoming mainly dry. Max. 17C (63F).

Rest of Scotland, Orkney

Cloudy, occasional rain. Max. 15C (59F).

Shetland

Sunny intervals, some light showers. Max. 12C (54F).

Outlook: Rain or drizzle will spread southeast. Much cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	24	75	L. Pims.	S	24	75
Algiers	C	27	81	Lisbon	S	26	79
Amsdm.	F	19	66	Locarno	S	23	73
Athens	S	29	84	London	S	19	66
Bahrain	S	37	104	Luxmbg.	S	21	70
Barcina.	F	24	75	Madrid	S	31	88
Beirut	S	27	81	Majorca	C	27	81
Belfast	C	15	59	Malaga	S	27	81
Belgrd.	S	25	77	Malta	S	27	81
Berlin	S	21	70	M'chstr	C	19	66
Biarritz	S	22	72	Melbne.	C	18	64
Bmghm.	S	19	66	Milan	S	24	75
Blackpl.	C	16	61	Mntreal.	S	11	52
Bordx.	F	20	68	Moscow	C	16	61
Boulgn.	C	16	61	Munich	S	20	68
Bristol	S	18	64	Nairobi	C	20	68
Brussels	C	19	66	Naples	F	27	81
Budpst.	S	24	75	Nwcstl.	C	16	61
B. Aires	S	20	68	N. York	S	22	72
Cairo	S	29	88	Nice	F	24	75
Cardiff	F	16	61	Oporto	C	18	64
Cas'b'ca	S	25	77	Oslo	S	19	66
Cape T.	C	16	61	Paris	F	22	72
Chicago	S	22	74	Perth	C	18	63
Cologne	F	19	66	Prague	S	22	72
Cpnhgn.	R	15	59	Reykjvk.	C	7	45
Corfu	S	30	86	Rhodes	S	27	81
Dublin	C	16	61	Rio J'o	C	24	75
Dbrvnk.	S	26	79	Rome	S	25	77
Ednbgh.	F	16	61	Salzbrg.	S	22	72
Faro	S	29	84	Singapr.	C	26	78
Florence	F	28	82	Stckhm.	C	14	57
Frankft.	S	22	72	Strasbg.	S	23	73
Funchal	S	24	75	Sydney	R	19	66
Geneva	S	20	68	Tangier	S	25	77
Gibrltr.	S	24	75	Tel Aviv	S	27	81
Glasgow	S	15	59	Tenerife	S	27	81
G'nsey	C	15	59	Tokyo	C	26	79
Helsinki	C	15	59	Toronto	S	15	59
H. Kong	C	23	73	Tunis	F	28	82
Innsbrk.	S	23	73	Valencia	F	27	81
Invrnss.	F	13	55	Venice	S	25	77
I.o.Man	C	15	59	Vienna	S	23	73
Istanbul	S	25	77	Warsaw	C	18	64
Jersey	C	15	59	Zurich	C	19	66
Jo'burg	S	21	70				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Bid to reform pension funds association

BY CHRISTINE MOIR

PENSION FUND managers representing some of the most powerful funds in the country meet tomorrow to hammer out proposals for a new structure for the National Association of Pension Funds. Attempts to have the pressure group's proposals implemented could lead to a major row within the association.

The top dozen or so funds have become increasingly dissatisfied with the present structure. They believe it identifies individual funds too closely with decisions taken on behalf of the whole movement. They are also concerned that the *movement lacks a unified and* authoritative voice.

Another worry is that membership has grown too wide; members include not just the pension funds themselves but also individuals and concerns which have an indirect interest in pensions. These range from groups which supply services to the funds—such as estate agents—to solicitors, insurance companies and brokers, and pensions advisers.

The association has an annually elected chairman, a 24-strong council and a purely administrative secretariat. Mr. *Michael Pilch, the present chairman,* is chief executive of Noble Lowndes, a firm of pension consultants.

The pension funds have been increasingly in the limelight over controversial political and investment issues. The pressure group believes the movement needs a full-time spokesman who would not be identified with a particular fund or group of funds.

Such issues are handled now by ad hoc spokesmen who also manage or represent major private sector or nationalised industry pension funds.

The pressure group is believed to favour the appointment of a secretary general. There may also be a need for full-time secretaries to run the standing committees, such as the important investment protection committee which pronounces the movement's opinions on controversial takeovers and company matters.

A full-time spokesman would also be valuable, the group believes, in answering criticisms raised by the TUC and Government bodies such as the Wilson Committee on the City.

Continued from Page 1

Company disclosures

into the middle tier would be allowed some concession in the amount of detail required in both the balance sheet and the notes to accounts.

Other proposals in the Green Paper include much higher monetary disclosure thresholds for turnover, employees, salaries and directors' remuneration—as well as the option for companies to prepare their accounts on the current-cost accounting basis.

Mr. John Nott, Trade Secretary, said the Government welcomed the fullest possible consultation on its proposals. Commenting on the disclosure privileges enjoyed by the banking, insurance and shipping sectors, he said the Government was conscious that "certain anomalies" existed.

"Maybe we can come forward with some ideas," he added.

It is believed that the Trade Department is discussing with the Bank of England accounting requirements for banks in general.

Continued from Page 1

BL unions to unite

Now that the closure next June of the plant has been announced, London Transport says it is looking at alternative suppliers, particularly Metro-Cammell Weymann, where it already has 205 double-deckers on order.

BL is also looking at other buses in its range from which to supply London Transport. The most acceptable to London Transport in terms of reliability is BL's National bus, but this is only a single-decker.

Sir Michael, speaking in a radio interview yesterday, claimed that negotiations between the management of Leyland Vehicles and the shop stewards at Park Royal had been calculated to stop restrictive practices, to increase production, and recruit more people.

"They have been blocked on these points, so there is a deliberate policy of holding back production. Frankly, we would rather have the plant go than operate in such an atmosphere," he said.

Accept challenge, Howe tells businessmen

BY DAVID FREUD

SIR GEOFFREY HOWE, the Chancellor, yesterday urged businessmen to respond to the challenge of the Government's Budget and legislative measures.

He told an American Chamber of Commerce lunch that businesses which accepted the new economic facts of life would find the Government had created conditions in which they could flourish and prosper.

"Very often it is the function of Government to say we have played our part, now it is up to you in your way to play yours," he said.

Sir Geoffrey emphasised that the Government was resolved to stick to its monetarist policies, nor would it be deflected from long-term aims by short-term expediency.

How long it took for the policies to be effective would depend on how long it took people to return to reality. "In the difficult months ahead those not prepared to accept the economic facts of life may find the going pretty tough."

Sir Geoffrey rejected the argument of those who said the public sector borrowing requirement was being held at too low a level for an economy about to enter a recession.

There were four key policies being implemented, the first an improvement in incentives. The Budget income tax reductions were an initial big step in this direction.

The second was a reduction in the legislative burden through such measures as removing price and dividend control.

Thirdly, the Government was acting to change the balance of bargaining power between unions and management.

Finally, the Government was committed to the re-establishment of monetary discipline.

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